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City and County of San Francisco  
Meeting Minutes  
Finance Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

*Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez*

*Clerk: Gail Johnson*

Wednesday, May 02, 2001

10:00 AM

City Hall, Room 263

**Regular Meeting**

**Members Present:** Mark Leno, Aaron Peskin, Matt Gonzalez.

**MEETING CONVENED**

*The meeting convened at 10:08 a.m.*

**010039 [Airport Lease Agreement Modification for United Airlines, Inc.]**

Resolution approving Lease Modification Number Three for Lease No. 73-0066 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission) 1/2/01, RECEIVED AND ASSIGNED to Finance and Labor Committee.

2/1/01, TRANSFERRED to Finance Committee. New committee structure.

2/7/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Theodore Lakey, Deputy City Attorney; Gary Franzella, Assistant Deputy Airport Director, Aviation Management, Airport. Continued to February 21, 2001.

2/21/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Airport Director for Public Affairs.

4/4/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Airport Director, Public Affairs.

Continued to May 2, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport.*

*Amended on lines 2, after approving, and on line 17, after "approves," by adding "retroactively."*

*To Board for consideration on May 21, 2001.*

**AMENDED.**

Resolution approving, retroactively, Lease Modification Number Three for Lease No. 73-0066 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

**RECOMMENDED AS AMENDED** by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

**010052 [Airport Lease Agreement for Plot 6 to United Airlines, Inc.]**

Resolution approving lease agreement for Plot 6 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

1/10/01, RECEIVED AND ASSIGNED to Finance and Labor Committee.

2/1/01, TRANSFERRED to Finance Committee. New committee structure.

2/7/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Theodore Lakey, Deputy City Attorney.

Continued to February 21, 2001.

2/21/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Airport Director for Public Affairs.

4/4/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Airport Director, Public Affairs.

Continued to May 2, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport.*

*Amended on line 3, after "approving," and on line 17, after "approves," by adding "retroactively." To Board for consideration on May 21, 2001.*

**AMENDED.**

Resolution approving, retroactively, lease agreement for Plot 6 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010667 [Airport Lease Agreement Modification for United Airlines, Inc.]**

Resolution approving Lease Modification Number Fifteen for Lease No. 82-0126 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport.*

*Continued to May 9, 2001.*

**CONTINUED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010590 [Instant Run Off Voting]**

**Supervisors Leno, Ammiano**

Resolution urging the Department of Elections and the Budget Analyst to provide pertinent information regarding the cost savings and other logistical specifics of instant run off voting to support the Board of Supervisors consideration of a charter amendment for the November 2001 ballot.

4/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Phillip Paris, Acting Director, Department of Elections; Steven Hill, Center for Voting and Democracy; Lloyd Schlegel; Kailiff Pluckner, Center for Voting and Democracy.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**001783 [Release of Reserve Funds, San Francisco Apartment Association (Fiscal Year 2000-2001 Budget)]**  
**Supervisor Yee**

Motion releasing \$100,000 placed on Board of Supervisors reserve for the legal assistance to property owners of limited means program.

10/10/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

2/1/01, TRANSFERRED to Finance Committee. New committee structure. Sponsor requests that this item be considered at the May 2, 2001, meeting.

*Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Janan New, San Francisco Apartment Association; Rose Tsai, Association of Homeowners; Sonia Ng, Association of Homeowners; Floyd Brown, Jr.; Female Speaker; Tom Ramm, Small Property Owners; Female Speakers (4); Male Speaker; Ernestine Weiss; Mr. Chow; Male Speaker; Jeanette Woo, Association of Homeowners; Male Speaker; Joanne Ma; Mr. Yee; Edward Harrington, Controller.*

*Amended to require the San Francisco Apartment Association to report back to the Finance Committee by December 31, 2001, as to the results of the first six months of the new program.*

**AMENDED.**

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010554 [Fiscal Year 2001-2002 Budget for the Board of Supervisors.]**

Motion submitting for approval the Fiscal Year 2001-2002 Budget by the Board of Supervisors. (Clerk of the Board)

(Fiscal impact.)

4/4/01, RECEIVED AND ASSIGNED to Finance Committee.

4/25/01, CONTINUED. Speakers: None.

Continued to May 2, 2001.

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010105 [Geographic Information System Data License Fees]**  
**Mayor**

Ordinance amending the San Francisco Administrative Code by adding Section 8.40 to authorize the Department of Public Works, or any other department responsible for administering the City and County of San Francisco's Geographic Data Services Program, to charge license fees for the use of the City's Base Map Geographic Information System ("GIS") data and ratifying prior fees. (Public Works Department)

1/17/01, RECEIVED AND ASSIGNED to Transportation and Land Use Committee.

2/1/01, TRANSFERRED to Finance Committee. New committee structure.

2/28/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Douglas Legg, Finance and Budget Division, Department of Public Works; Jeffrey Johnson, Office of Geographic Data Services, Department of Public Works; Denise Brady, Deputy Director, Department of Telecommunications and Information Services; Erin McGrath, Mayor's Budget Office, Theodore Lakey, Deputy City Attorney.

4/2/01, SUBSTITUTED. The Mayor submitted a substitute ordinance bearing new title.

4/2/01, ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Edward Harrington, Controller, Theodore Lakey, Deputy City Attorney; Douglas Legg, Department of Public Works.*

*Amendment of the Whole prepared in Committee.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance amending the San Francisco Administrative Code by adding Section 8.40 to ratify all fees previously collected by the City under the City's Geographic Information System ("GIS") data license agreements, entered into since July 1, 1998, and before the effective date of this ordinance. (Public Works Department)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010588 [Appropriation, funding for Geographic Data Services Program]**

Ordinance appropriating \$38,676 of Geographic Information System License Fee Revenues for the development and administration of the Geographic Data Services Program for the Department of Public Works for fiscal year 2000-01. (Mayor)

(Companion measure to File 010105.)

4/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Douglas Legg, Department of Public Works; Jeff Johnson, Department of Public Works; Eric Sieman, DTIS.*

*Amended by replacing "\$38,676" with "\$37,600" throughout the ordinance.*

**AMENDED.**

Ordinance appropriating \$37,600 of Geographic Information System License Fee Revenues for the development and administration of the Geographic Data Services Program for the Department of Public Works for fiscal year 2000-01. (Mayor)

(Companion measure to File 010105.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010363 [Acquisition of Noise Easements for South S.F. Unified School District]**

Resolution authorizing the acquisition of six noise easements for schools owned by the South San Francisco Unified School District. (Real Estate Department)

4/10/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Anthony Delucchi, Director of Property, Real Estate Division, Department of Administrative Services.*

*Amended to delete lines 13 and 14.*

**AMENDED.**

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010652 [Withdrawal of five (5) property owners in the City of Pacifica from noise insulation program and delivery of quitclaim deeds to said property owners]**

Resolution authorizing the conveyance of five (5) quitclaim deeds to property owners in the City of Pacifica to rescind Grants of Easement (noise easement deeds) previously acquired by San Francisco. (Real Estate Department)

4/10/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Anthony Delucchi, Director of Property, Real Estate Division, Department of Administrative Services.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010660 [Extension and Renewal of Nine (9) Existing Leases for Public Health]**

Resolution authorizing extension and renewal, on a month-to-month basis, not to exceed twelve months, of certain existing leases of real property required by the Department of Public Health. (Real Estate Department)  
4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Anthony Delucchi, Director of Property, Real Estate Division, Department of Administrative Services.*

*Amended on page 1, line 3, by deleting "and renewal." Further amended on page 1, line 10, by deleting "renewal and."*

**AMENDED.**

Resolution authorizing extension on a month-to-month basis, not to exceed twelve months, of certain existing leases of real property required by the Department of Public Health. (Real Estate Department)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010654 [Lease of City-owned land to S.J. Amoroso Properties]**

Resolution authorizing a ten year lease of Public Utilities Commission land between the City and County of San Francisco and S. J. Amoroso Properties, in Santa Clara County. (Public Utilities Commission)

4/6/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gary Dowd, Public Utilities Commission.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez



**010669 [Agreement of Purchase and Sale for Real Estate at 30 Van Ness Avenue (Certificates of Participation, Series 200A and Taxable Series 2001B)]**

Resolution authorizing the execution and delivery of the Agreement of Purchase and Sale for Real Estate (the "Original Agreement"), as amended by a First Amendment to Agreement of Purchase and Sale for Real Estate (the "First Amendment" and together with Original Agreement, the "Purchase Agreement"), between the City and County of San Francisco (the "City"), as buyer, and the Herbst Foundation, Inc. (the "Seller"), as seller (including certain indemnities contained therein), for the purchase of real property and improvements thereon consisting of a five-story office building located at 30 Van Ness Avenue, San Francisco (collectively, the "Property"); approving the forms of an office lease between the City, as landlord, and the Seller, as tenant (the "Herbst Lease") and an office lease between the City, as landlord, and Merriman Brothers, as tenant (the "Merriman Lease") (collectively, the "Office Leases"); approving the execution and delivery of certificates of participation to finance the acquisition of and improvements to the Property; approving the form of the Project Lease between the City and a Trustee (including certain indemnities contained therein); authorizing the selection of a Trustee; approving the form of the Trust Agreement between the City and a Trustee (including certain indemnities contained therein); approving the form of the Official Notice of Sale and Notice of Intention to Sell for the Series 2001A Certificates and Taxable Series 2001B Certificates (as defined herein); approving the form of the Official Statement in preliminary and final form; approving the form of a Continuing Disclosure Certificate; authorizing the filing of a validation action validating the execution and delivery of the certificates of participation; authorizing reimbursement of certain expenditures; authorizing the payment of costs of issuance; adopting findings under the California Environmental Quality Act and findings to the City Planning Code Section 101.1; and ratifying previous actions taken in connection therewith. (Mayor)

(Fiscal impact.)

4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Anthony Delucchi, Director of Property, Real Estate Division, Department of Administrative Services.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010666 [2001 Affordable Housing Bond Sale]**

Resolution authorizing and directing the sale of not to exceed \$40,000,000 of City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C and City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; approving the forms of Official Notice of Sale of Bonds and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds. (Mayor)

4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dave Sanchez, Deputy City Attorney; Supervisor Daly; Joe La Torre, Mayor's Office of Housing; Edward Harrington, Controller.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

## ADJOURNMENT

*The meeting adjourned at 3:03 p.m.*





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CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

April 26, 2001

**TO:** Finance Committee

**DOCUMENTS DEPT.**

**FROM:** Budget Analyst

MAY - 2 2001

**SUBJECT:** May 2, 2001 Finance Committee Meeting

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Item 1 - File 01-0039

**Note:** This item was continued by the Finance Committee at its meeting of April 4, 2001.

**Department:** Airport

**Item:** Resolution approving Lease Modification No. 3 for Lease No. 73-0066 between United Airlines, Inc. and the City, acting by and through its Airport Commission.

**Lessor:** City and County of San Francisco

**Lessee:** United Airlines, Inc.

**Term of Lease:** The subject lease was first approved in 1973 for an initial 20-year term, to expire in 1993, with two 10-year options at the discretion of the lessee.

**Right of Renewal:** As noted above, the 20-year lease provided for two 10-year extensions at the discretion of the lessee, for a total lease period of up to 40 years. In 1993, United Airlines exercised its first 10-year extension, which is due to expire in 2003.

**Description:** On December 5, 2000 the Airport Commission approved Modification No. 3 of Lease 73-0066 between the Airport and United Airlines, Inc. Under lease 73-0066, United Airlines currently occupies 129.75 acres of land used by United Airlines for employee parking and its Maintenance Operations Center (MOC) for aircraft maintenance. The

subject lease was originally approved in 1973 for an initial term of 20 years, with two 10-year extension options at the discretion of the lessee. According to Ms. Dorothy Schimke of the Airport, in 1993 United Airlines exercised its first ten-year option, which is due to expire on June 30, 2003. The property leased by United Airlines is located at the intersection of San Bruno Avenue and the Bayshore Freeway.

The Airport is currently developing a Multi-Modal Transportation Center, which includes, among other elements, expansion of short-term Parking Lot DD, which is adjacent to the property leased by United Airlines, and the extension of the AirTrain (the Airport light rail system) to the Multi-Modal Transportation Center and Parking Lot DD (see Attachment I, provided by the Airport, for a description of these projects). According to Ms. Schimke, Parking Lot DD currently consists of Airport employee and Airport tenant employee parking. Ms. Schimke advises that Parking Lot DD will be expanded and initially used for additional employee parking, and upon completion of the Multi-Modal Transportation Center, the expanded portion of Parking Lot DD would be converted for long-term public parking. Ms. Schimke advises that in order for the Airport to complete such an expansion, the Airport needs access to Parking Lot DD through a portion of the property currently leased by United Airlines. Under the proposed Modification No. 3 to Lease 73-0066, United Airlines has agreed to relinquish to the Airport 0.74 acres of property. In return, the Airport has agreed to provide United Airlines with additional space of up to 2.61 acres for employee parking, as discussed below.

The proposed transfer of acreage under the subject lease Modification No. 3 would take place in the two following phases:

- (1) Ms. Schimke reports that on December 1, 2000, United Airlines relinquished 0.74 of its total 129.75 in leased property back to the Airport, leaving 129.01 acres under the subject lease with United Airlines (see Comment No. 2).
- (2) In exchange for relinquishing the 0.74 acres discussed above, the Airport agreed to provide United with 150 additional parking spaces for United Airlines employees

that will be added to the lease at a future date, totaling a maximum of 2.61 acres. However, Ms. Schimke advises that the amended lease with the Airport will not include the additional acreage until the Airport completes the Multi-Modal Transportation Center and the AirTrain, in approximately four to six years, as explained in Attachment I to this report. During the interim period, between the time that United Airlines relinquished 0.74 acres of space on December 1, 2000 and the completion of the Multi-Modal Transportation Center and the AirTrain Extension, the Airport has granted United Airlines a month-to-month permit, effective December 1, 2000, for approximately 2.61 acres to accommodate the additional employee parking. Because the guideway for the AirTrain will require use of part of the 2.61 acres, the Airport will not be able to determine the exact amount of additional space that will be added to the existing lease until the Multi-Modal Transportation Center and the AirTrain are completed. Therefore, proposed lease Modification No. 3 states that the Airport and United Airlines agree to expand the existing lease "after the Multi-Modal Transportation Center and the AirTrain Extension are completely designed and constructed...without the requirement of formal amendment to the Lease or the approval of any party...as to the dimensions and configuration of such space."

**Rent paid by  
United Airlines  
to the Airport:**

Rent for the additional space to be charged by the Airport to United Airlines will be at the same rate of \$35,879.50 per acre charged for the existing lease, both when the space is under permit and after it is added to the lease. The rate of \$35,879.50 first became effective in 1998, according to Ms. Schimke.

Ms. Schimke advises that when the first 10-year lease extension with United Airlines was negotiated in 1993, United Airlines and the Airport agreed to an annual rent of \$32,617.73 per acre for the first five years of the 10-year extension, with one increase of \$3,261.77 to an annual rent of \$35,879.50, effective July 1, 1998, for the remaining five years of the 10-year extension, expiring on June 30, 2003. Therefore, during the first 10-year extension between 1993 and 2003, the rent charged to United Airlines will have

increased by only approximately 10 percent, or by approximately an average of one percent per year.

Under the proposed lease Modification No. 3, the exchange in space would result in a maximum net increase of 1.87 acres used by United Airlines in this location (the 2.61 acres in new parking for United Airlines employees, less the 0.74 acres relinquished back from United Airlines to the Airport).

**Permit:**

According to Ms. Schimke, the month-to-month permit granted to United Airlines for the 2.61 acres allows the Airport to modify or terminate the permit with 30-days notice. Ms. Schimke advises that since the Airport must use portions of the 2.61 acres under permit to United Airlines for construction of the AirTrain extension, the Airport will reduce the number of acres provided to United Airlines under permit as needed.

**Compliance with  
City Laws:**

In addition, the proposed lease Modification No. 3 would update the existing lease to reflect changes to the Administrative Code and other City requirements, such as provisions requiring compliance with the ban on tropical hardwoods and virgin redwood, the MacBride Principles related to employment inequity in Northern Ireland, the Non-Discrimination in City Contracts and Equal Benefits Ordinance, and the Minimum Compensation Ordinance.

**Comments:**

1. As previously noted, the proposed lease modification would ultimately result in a maximum net increase of 1.87 acres of space for United Airlines. The net rent increase that the Airport would receive annually from United Airlines is \$67,095 per year, as shown in the table below. However, the increased acreage to be added to the lease will most likely be less than the estimated 1.87 acres since the parking parcel now under permit will be reduced by AirTrain construction as described above. Ms. Schimke advises that the Airport will not add more than 2.61 acres to the lease with United Airlines. The estimated net increased rent of \$67,095 to be paid by United to the Airport is shown in the table below. The net increased rent applies immediately to the estimated 2.61 acres provided to United Airlines under a month-to-month permit effective December 1, 2000, as well as to the final acreage after it is incorporated into the existing lease. As stated previously, Ms. Schimke reports that the Airport expects to complete



the Multi-Modal Transportation Center and the AirTrain Extension in approximately four to six years, as stated in Attachment I, provided by the Airport.

|  | Annual Cost<br>per Acre | Total<br>Acres | Annual<br>Airport Revenues |
|--|-------------------------|----------------|----------------------------|
| Existing Lease   | \$35,879.50             | 129.75         | 4,655,365                  |
| Space relinquished by<br>United Airlines to<br>the Airport       | \$35,879.50             | (0.74)         | (26,550)                   |
| Estimated additional space<br>to be leased by<br>United Airlines | \$35,879.50             | 2.61           | 93,645                     |
| <b>New Total</b>   |                         | <b>131.62</b>  | <b>\$4,722,460</b>         |
| <b>Net Increase</b>  |                         | <b>1.87</b>    | <b>\$67,095</b>            |

2. As stated previously, Ms. Schimke advises that on December 1, 2000, United Airlines relinquished 0.74 acres of space leased under the existing contract. In addition, the Airport issued to United Airlines a permit, effective December 1, 2000, to use an additional 2.61 acres for employee parking, at which point United Airlines began paying additional rent to the Airport based upon the additional 2.61 acres. Therefore, the Budget Analyst recommends that the subject resolution be amended to provide for retroactive authorization. Ms. Schimke advises that the permit to United for use of the 2.61 acres will be terminated when the space is formally incorporated into the existing lease.

3. As noted above, United Airlines will be charged rent for the additional 2.61 acres at the same rate of \$35,879.50 per acre charged for the existing lease both when the space is under permit and after it is added to the lease. Ms. Schimke advises that the rate of \$35,879.50 first became effective July 1, 1998. The Budget Analyst notes that not only has this rent of \$35,879.50 per acre not been increased since July 1, 1998, or for 2.5 years, but additionally, over the 10-year lease extension, which expires June 30, 2003, the rental increases to United Airlines in total have averaged approximately one percent per year over 10 years, or a total increase of \$3,261.77, which adjusted the 1993 rent of \$32,617.73 per acre to the current rent of \$35,879.50 per acre.

Had this rent amount been adjusted upward according to the total 11.24 percent increase in the Consumer Price Index (CPI) between July 1, 1998 and January 2001, the rent would have increased by \$4,302.86 to an annual rent of \$39,912.35 per acre. Furthermore, the Budget Analyst questions why the Airport does not require that United Airlines pay the Airport an adjusted rent based on current fair market rent for the net additional 1.87 acres to be used by United Airlines (the 2.61 acres in new employee parking for United Airlines, less the 0.74 acres relinquished back by United Airlines to the Airport).

According to Ms. Schimke, the Airport agreed to the proposed exchange of property with United Airlines and the rental rate of \$35,879.50 because the 0.74 acres United Airlines has relinquished to the Airport is critical to the completion of the AirTrain Extension and the Multi Modal Center. The Budget Analyst notes, however, that the net additional 1.87 acres provided to United Airlines for employee parking is apparently important to United Airlines since United Airlines has requested the additional land from the Airport. Therefore, the Budget Analyst questions why the Airport does not require United Airlines to pay the current fair market value for the additional land that United will receive and why the rent being charged to United Airlines has only been increased by an average of one percent annually over the 10-year lease extension period, which expires on June 30, 2003.

4. Ms. Schimke also states that the original 1973 lease with United Airlines contains no provisions for annual adjustments in rent during the initial 20-year term of the lease, or during each of the subsequent two 10-year extension periods. As discussed in Comment No. 3 above, the existing lease provides that before each of the 10-year extensions, the Airport and United Airlines will negotiate a revised rent based upon Airport appraisals of the land's fair market value at that time.

5. In response to the Budget Analyst's report, Ms. Schimke advises that the Airport has negotiated the proposed lease Modification No. 3 to accommodate the Airport. The Airport went to United Airlines with the request for the Airport to take back from United Airlines 0.74 acres of property to which United had absolute rights under its long-term lease,



according to Ms. Schimke. The Airport's providing of up to 2.61 acres of Airport property to United Airlines, which would enable United Airlines to provide its employees an additional 150 parking spaces at the same rate of the existing lease, was the 'price' for United Airline's agreement to relinquish the 0.74 acres back to the Airport, according to Ms. Schimke. Ms. Schimke states that the Airport was not in a bargaining position to demand pricing concessions from United as part of this deal. Ms. Schimke reiterates that the 0.74 acres that the Airport will obtain from United Airlines is necessary for the completion of the Airport's Multi-Modal Transportation Center and AirTrain extension (light rail system). In addition to the important public policy goals of the Multi-Modal Transportation Center, according to Ms. Schimke, the Parking Lot DD portion of the project (see Attachment I) has significant revenue implications. Ms. Schimke anticipates that the expansion of Parking Lot DD (the expansion will initially be used for Airport employee parking and Airport tenant employee parking, and eventually for public long-term parking) allowed by the recapture of the 0.74 acres from United Airlines will generate additional parking revenues to the Airport conservatively estimated at \$1,017,600 for the first full year of operation, rising to approximately \$3 million per year when the lot reaches capacity. Ms. Schimke advises that these parking revenues will increase significantly once the lot converts the Airport employee and Airport tenant employee parking to public long-term parking when the Multi-Modal Transportation Center is completed.

6. Under the terms of the lease, not until the current 10-year lease extension expires on June 30, 2003 will the Airport, in conjunction with the Department of Real Estate, appraise the value of the land and negotiate with United Airlines a revised rent based upon the land's fair market value at that time, as of July 1, 2003.

7. As previously noted, in 1993, under the first 10-year extension, the Airport and United Airlines negotiated an adjusted rent for this first 10-year extension, effective July 1, 1993, to increase the annual rent by \$3,261.77, from \$32,617.73 per acre to \$35,879.50 per acre annually, effective July 1, 1998. This one and only rent increase represents an average increase of only one percent annually, or a total increase of 10 percent over the 10-year

lease extension. This mid-term adjustment was not intended to reflect fair market value at mid-term, according to Ms. Schimke. While the Budget Analyst acknowledges that the 1973 original lease contained no provisions for annual rent adjustments, nothing precludes the Airport from negotiating a rent adjustment at this time, since the Airport is requesting approval from the Board of Supervisors of a proposed new lease Modification No. 3, which would provide United Airlines with 1.87 additional acres of Airport property.

8. At the February 7, 2001 Finance Committee meeting, the Airport Director stated that in negotiating the proposed lease modification with United Airlines, the Airport took into consideration an additional \$220,000 for security and related costs that United Airlines reports it would be required to pay to operate the additional 2.61 acres provided under the subject lease modification. According to Mr. Gary Franzella of the Airport, United Airlines reports that the \$220,000 in additional costs would result from the need to provide two security guards on the premises, seven days a week, which would require United Airlines to employ six full-time equivalent (FTE) employees.

9. The Finance Committee requested at its February 7, 2001 meeting that the Budget Analyst attempt to determine a fair market value for the 150 parking spaces to be used for United Airlines employee parking in the 2.61 acres of additional space to be provided to United Airlines under the proposed lease modification.

According to the Ms. Schimke, the Airport currently charges \$48 per parking space permit, per month, or \$576 annually, for comparable space used by airlines for employee parking (parking with no bus service), which the Airport provides to airlines on a per space permit basis. Ms. Schimke advises that this rate is based on the Airport's Rates and Charges for Airlines, which is adjusted and published annually by the Airport. Since the Airport can in some cases rent on average two permits per parking space (since the Airport is open 24 hours per day), the average monthly value of a parking space for airline employees is \$96 per month, according to Mr. Franzella. At this rate of \$96 per month, the total value of the 150 subject parking spaces would be \$14,400 per month, or \$172,800 annually. Under the proposed lease modification, based on the

\$93,645 rental revenue per year payable by United Airlines to the Airport for the 2.61 acres which provide United Airlines with 150 parking spaces, United Airlines would pay to the Airport an average of approximately \$52.03 per month per parking space, or approximately \$7,804 per month (\$93,645 annually) for the entire 2.61 acres. This \$52.03 is approximately \$43.97 less per parking space per month (\$96 less \$52.03) than the average monthly rate of \$96 per month per parking space that the Airport is currently charging for airline employee parking. Ms. Schimke advises that in addition to the 150 parking spaces, the subject 2.61 acres includes circulation space for vehicles. Under the subject lease and proposed modification, United Airlines would not be able to reconfigure the parking layout to create additional parking spaces, according to Mr. Franzella.

Furthermore, based on a comparison of parking available in the general vicinity of the Airport, CalTrans currently charges on average \$61 (approximately \$59 to \$63 per month) for leased paved parking spaces approximately the same size as the subject 150 parking spaces to be provided to United Airlines at the Airport<sup>1</sup>), according to information provided to the Budget Analyst by the Division of Real Estate.

In addition, if the Airport were to have to dedicated the 2.61 acre area for public parking use instead of for United Airlines employee parking, which in fact the Airport intends to eventually do in its Parking Lot DD, which is adjacent to the 2.61 acres being provided to United Airlines, then the Airport could have charged its current rate of \$15 per day per space<sup>2</sup> for long-term public parking, or approximately \$450 per month (\$5,400 annually), according to Ms. Schimke. The Airport collects an average net revenue of \$222 per parking space per month (\$2,664 annually) from long-term public parking, accounting for operating costs and fluctuations in demand, according to Mr. Franzella. Mr. Franzella advises that the Airport would not have elected to use the subject 2.61 acres for long-term public parking due to the property's location and

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<sup>1</sup> The Real Estate Division reports that CalTrans pays a maximum of \$0.20 per square foot of comparable paved parking, which when multiplied by the average Airport-reported 315 square-feet of each of the subject 150 parking spaces, would result in a monthly parking rate of \$63.

<sup>2</sup> Ms. Schimke advises that the Airport charges for long-term parking \$1 for every 15 minutes, with a maximum daily fee of \$15.

the investment that would have been required to construct the infrastructure necessary for long-term parking.

A comparison of such parking charges are as follows:

| Parking Use  | Monthly Rate Charged per Space | Total Annual Rent for 150 Spaces |
|--|--------------------------------|----------------------------------|
| <u>Proposed Lease Modification</u> ,<br>2.61 acres including 150 parking spaces for the proposed rent being charged to United        | \$52.03                        | \$93,645                         |
| <u>CalTrans Leased Parking Space</u><br>in Vicinity of Airport (average rent) for 150 parking spaces                                 | \$61                           | \$109,800                        |
| Comparable Charges by the Airport for Airline Employee Parking for 150 parking space (provided per space, based on two permits each) | \$96                           | \$172,800                        |
| Long-Term Airport Public Parking<br>(Approximate Net Revenue for Airport for 150 parking spaces)                                     | \$222                          | \$399,600                        |

As shown in the above table:

- Based on 150 parking spaces, the proposed \$93,645 annual rent to be charged to United Airlines under the proposed subject lease modification would be \$16,155 less than the approximate annual rent of \$109,800 charged by CalTrans for similar parking spaces in the vicinity of the Airport.
- Moreover, according to the Airport, the annual \$93,645 rent to be charged to United Airlines under the proposed subject lease modification charged for the subject 150 parking spaces under the proposed lease modification, including additional vehicle circulation space, would be \$79,155 less than the \$172,800 annual amount charged by the Airport per space (based on an average of 2 permits per space) to airlines for permits for airline employee parking.
- Further, the proposed annual rent of \$93,645 to be charged by United Airlines under the proposed subject lease modification would be \$305,955 less than the estimated \$399,600 in net revenue that the Airport earns from 150 long-term parking places, not accounting

BOARD OF SUPERVISORS

BUDGET ANALYST



for any initial investment costs which would be required by the Airport for long-term parking.

10. Based on the data obtained in response to the Finance Committee's question concerning the value of parking spaces included in the proposed lease with United Airlines:

- a) under the proposed lease modification the rent charged to United Airlines of \$52.03 monthly for each of the 150 parking spaces would be 14.7 percent less than comparable parking in the vicinity of the Airport of approximately \$61 monthly for the parking leased by CalTrans and 45.8 percent less than the monthly \$96 the Airport currently charges Airlines per employee parking space, based on an average of two permits per space; and,
- b) under the proposed lease modification the rent charged to United Airlines of \$52.03 monthly for each of the 150 parking spaces would be 76.6 percent less than the average \$222 monthly net revenue per space that the Airport currently receives for long-term Airport public parking.

11. The Budget Analyst based the above calculations on the assumption that, under the proposed lease modification, the United Airlines would be provided 150 new parking spaces, based upon information received from the Airport. However, the Airport now advises that United Airlines will receive a net total of 75 new parking spaces (the 150 parking spaces provided in the subject 2.61 acres less 75 parking spaces under the 0.74 acres which United Airlines has agreed to relinquish to the Airport under the proposed lease modification.) According to Mr. Franzella, the Budget Analyst should consider the land value of the subject 2.61 acres based on the value of 75 parking spaces, as opposed to 150 parking spaces. However, if a comparison of 75 parking spaces, instead of 150 were made, the relationship between the individual parking space valued in this analysis would remain identical. Furthermore, we disagree with Mr. Franzella. The analysis by the Budget Analyst addresses the fair market value of the new space that will now be leased to United Airlines that includes 150 parking spaces.

12. At its meeting of February 7, 2001, the Finance Committee also requested the Airport Director to attempt

BOARD OF SUPERVISORS  
BUDGET ANALYST

to renegotiate the proposed lease Modification No. 3 in order to require United Airlines to pay to the Airport Consumer Price Index adjustments and/or fair market value for the subject 2.61 acres.

13. At the request of the Finance Committee, Mr. Gary Franzella of the Airport contacted Ms. Kate Hill, Regional Manager of Corporate Real Estate for United Airlines concerning possible renegotiations of this lease Modification No. 3 to address concerns over adjustments in rent to reflect Consumer Price Index adjustments and/or fair market value for the subject 2.61 acres. In response to the Airport's request, Mr. Peter Nardoza of the Airport states in his memorandum of March 21, 2001 to the Finance Committee pertaining to this item as well as File 01-0052, also being considered by the Finance Committee on its calendar of April 4, 2001 (Attachment II): "United Airlines has responded that it negotiated in good faith with the Airport over the original lease agreements and believes that the terms agreed to provide value commensurate with the complexity, inconvenience, additional costs and Airport required access associated with both properties." Mr. Nardoza's memorandum provides additional details regarding the negotiations between the Airport and United Airlines.

14. At its April 4, 2001 meeting, the Finance Committee stated that approval of the subject lease modification would be contingent upon United Airlines agreeing to pay to the Airport to a CPI adjustment for the second year of a separate lease between the Airport and United Airlines for Plot 6, also under consideration by the Board of Supervisors and discussed in Item No. 2, File 01-0052, of this report to the Finance Committee. Ms. Cathy Widener of the Airport advises that United has agreed to pay the CPI adjustment.

- Recommendations:
1. Amend the proposed resolution to provide for retroactive authorization, in accordance with Comment No. 2 above.
  2. Approve the proposed resolution, as amended, because United Airlines has agreed to pay to the Airport, for a separate lease between the Airport and United Airlines for Plot 6, a CPI adjustment for the second year of the lease, as requested by the Finance Committee and as discussed in Item No. 2, File 01-0052 of this report, in accordance with Comment No. 14 above.

AIRPORT COMMISSION  
SAN FRANCISCO INTERNATIONAL AIRPORT  
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Harvey Rose  
Budget Analyst

FROM: Bob Rhoades *BR*  
Deputy Airport Director, Business

DATE: January 24, 2001

SUBJECT: Lot DD Development - MultiModal Transportation Center

Lot DD consists of a 3,218 space parking garage for Airport and tenant employees under Airport control. It also contains a secure 1,190 space, paved parking lot under long-term lease through year 2013 to United Airlines ("UA") for UA employee parking. Access to the employee parking garage is by way of a signalized entry/exit from South Airport Boulevard. Access to the UA employee parking area is from a separate signalized entry/exit from South Airport Boulevard, with an additional (stop sign controlled) exit onto westbound San Bruno Avenue. Shuttle buses transport employees to and from other Airport destinations.

The Airport intends to improve Lot DD as part of a Multi-Modal Transportation Center ("MMTC") development. Under the "Transit First Policy" adopted by the Airport Commission in 1996, the Airport is committed to the development of a ground transportation system which gives priority to alternate transit modes. As part of this commitment, the development of the MMTC at Lot DD would provide a consolidated transportation connection for long-term airport parking, buses, and bicyclists, with access to the terminal complex. The MMTC would achieve a number of transit first objectives, such as: 1) reduce vehicular travel to and congestion on the passenger terminal roadways by providing direct access via AirTrain for remote long-term parking sites; 2) encourage use of public transit by providing a direct connection between a new SamTrans stop and AirTrain; 3) encourage bicycle commuting by providing an extension of the Bay Trail, and new bicycle parking facilities with direct access to the terminal complex via AirTrain.

Lot DD improvements will involve an extension of the AirTrain System (the Airport light rail system); two MMTC AirTrain Stations; construction of a link of the San Francisco Bay Trail; and expansion of long-term parking facilities. The Lot DD improvements are broken into two phases for implementation.

Phase I improvements include: paving an unimproved portion of the lot to add approximately 1,600 additional parking spaces to initially be used by employees; signalization improvements at the intersections of South Airport Boulevard and the I-380 off and on-ramps; construction of the Bay Trail link through Lot DD; and relocation of the parking lot exit onto San Bruno Avenue. A contract is currently underway to make the first phase improvements.



Harvey Rose  
January 24, 2001  
Page 2

Phase II improvements include: the extension of the AirTrain System; construction of a second parking structure; and the conversion of the employee parking lot and structures into long-term parking facilities.

The only viable vehicular access to the new parking area being developed is through the United Airlines' secure leasehold area. Without such access, the new surface parking area being developed in Phase I would be unusable, making less long-term parking available in the future. To obtain UA agreement to bisect their leasehold the Airport agreed to increase the UA leasehold to accommodate 150 additional parking spaces and to retain the access onto San Bruno Avenue for the UA employees.

Phase I of the project is now underway. The entire MMTC, including phase II improvements, is expected to be complete within four to six years.

San Francisco International Airport

March 21, 2001

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The Honorable Mark Leno  
Chair, Finance Committee  
Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102-4689

Dear Supervisor Leno:

I'm writing to relay to you the San Francisco International Airport's attempt to bring closure to the United MOC Lease Modification 3 and the United Plot 6 Lease Modification. As stated in previous Finance Committee meetings, both modifications are vital to the completion of the Airport's AirTrain operation – a major public policy and public transportation goal of the Airport's Master Plan.

At the Finance Committee's request, Airport staff contacted United Airlines with a request to restructure the leases to address concerns over fair market value rent on the lease modification to United Maintenance Operations Center (MOC) and a June 2000 CPI adjustment on the Plot 6 lease.

United Airlines has responded that it negotiated in good faith with the Airport over the original lease agreements and believes that the terms agreed to provide value commensurate with the complexity, inconvenience, additional costs and Airport required access associated with both properties.

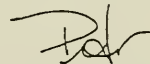
While this is not the response hoped for to move these items forward, I believe it is important to point out that United has been a willing partner in the Airport's Master Plan expansion from the beginning. When the Airport was finalizing its Master Plan expansion, United held substantial land in their Plot 5 and 6 leases which were needed to accommodate the expansion of aprons and taxiways to support the New International Terminal. In the mid-1990s United agreed to relinquish leased land, as needed, to meet Master Plan requirements. This was done at substantial cost and inconvenience to United. Additionally Airport staff informed United that another parcel of Plot 6 leased land would be necessary to accommodate the AirTrain platform footprint. In the spirit of United's original agreement to accommodate Master Plan objectives, United agreed to retroactive rent at a higher amount pending the final parcel definition, which was solely in the control of the Airport. It should be noted that this proposed lease represents a net increase in rent of \$1,076,302 annually (a 211% increase), from the current rent of \$508,353 to \$1,584,655.76.

With regard to the Lease Modification 3 to the United MOC, the Airport went to United with the request to take back property to which United had absolute rights under its long-term lease until 2013. The Airport's ability to re-acquire this parcel of land in Lot DD has significant revenue implications in its eventual use as long-term parking. The land at issue is anticipated to produce approximately \$3 million annually, once the lot reverts to long-term parking for the AirTrain system. Furthermore, this parking revenue is part of the Airport concessions revenue, 15% of which is paid to the City's General Fund.

Finally, let me remind the Committee that the Airport, according to the terms of the Lease and Use Agreement, must operate on a revenue cost recovery basis. What is not collected from leases and concessions is collected from Airline landing fees and terminal rentals.

I urge your approval of the lease modifications.

Very truly yours,



Peter Nardoza  
Deputy Airport Director  
Public Affairs

cc: Hon. Aaron Peskin  
Vice Chair, Finance Committee  
Hon. Matt Gonzalez  
Member, Finance Committee  
Harvey Rose, Budget Analyst

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

Item 2 - File 01-0052

**Note:** This item was continued by the Finance Committee at its meeting of April 4, 2001.

**Department:** Airport Commission

**Item:** Resolution approving a new lease agreement for Plot 6 between United Airlines, Inc. (United) and the City and County of San Francisco, acting by and through its Airport Commission

**Lessor:** City and County of San Francisco

**Lessee:** United Airlines, Inc.

**Total Acreage and  
Cost Per Month  
Payable by United  
Airlines, Inc. to the  
Airport:**

16.04 acres at a monthly rental rate of \$132,054.65 for the first and second years of the proposed lease (approximately \$8,232.83 per acre per month). For the first and second years, annual rent would total \$1,584,655.76 (\$98,794 per acre per year).

**Purpose of Lease:** United will use the 16.04 acres for an air cargo facility, administrative offices and employee parking.

**Amount Payable by  
United to Airport:**

\$1,584,655.76 per year for the first and second year of the lease. According to Ms. Dorothy Schimke of the Airport, rent in the amount of \$1,584,655.76 per year represents the fair market value of the subject 16.04 acres on June 1, 1999, the retroactive effective date of the proposed lease. Presently, United pays the Airport \$508,353 under permit for 19.35 acres (see Comment No. 2). The proposed lease provides for annual increases in the rent based on increases in the Consumer Price Index (CPI). According to the proposed lease, the CPI adjustment would begin on June 1, 2001. As stated in Attachment I provided by the Airport, there will be no CPI adjustment between June 1, 1999 and June 1, 2001, thereby resulting in no CPI adjustment for the second year of the lease between June 1, 2000 and June 1, 2001. The lease requires United Airlines to pay CPI adjustments for the third, fourth and fifth year of the lease. In the sixth year of the proposed lease, the annual rental payment to the Airport will be

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

determined by a City reappraisal of the land to reestablish the fair market value amount. Subsequent annual increases in the rent will be made based on increases in the CPI through the end of the lease.

**Term of Lease:** Retroactive to June 1, 1999 to June 30, 2011 (12 years and one month)

**Right of Renewal:** Lessee has no renewal rights.

**Maintenance and Operations:** The Lessee, United Airlines, Inc., pays for the costs of all maintenance and operations.

**Description:** The proposed resolution would authorize a new 12 year and one month lease retroactive to June 1, 1999 of 16.04 acres of a newly configured Plot 6 to accommodate United's air cargo facility, some administrative offices and employee parking. The 16.04 acres of a newly configured Plot 6 would constitute approximately 83 percent of the 19.35 acres of Plots 5 and 6 covered under a month-to-month permit, cancelable on 30-day notice, since the expiration of original leases in 1993. According to Ms. Schimke, United occupied the 16.04 acres from 1993 until June 1, 1999 on a permit basis, instead of under a lease, pursuant to the following conditions contained in a Memorandum of Understanding negotiated in the early 1990s between the Airport and United Airlines:

- 1) Upon termination of the leases of Plots 5 and 6 in 1993, the leases would be replaced in the interim by month-to-month permits, for the same areas at the same land rental rates as were then in effect, until the land was required for the Airport's Master Plan construction or the functions were accommodated elsewhere;
- 2) The Airport would offer United a "standard lease" for that portion of the site primarily comprising Plot 6, for continued accommodation of its air cargo facility, offices and related parking;
- 3) Rent under the interim permit(s) would remain at the same rate as was in effect upon termination of the Plots 5 and 6 leases, and would be adjusted

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

to fair market value at the time the new leases were in place.

The differences between the proposed lease for 16.04 acres of a newly configured Plot 6 and the existing month-to-month permit for 19.35 acres of Plots 5 and 6 are (1) the permit is cancelable upon 30-days notice, (2) the new lease adjusts the rents as described in Comment No. 2 below, (3) 1.43 acres have been added to result in a total acreage of 16.04 acres for Plot 6, which originally totaled 14.61 acres, and (4) Plot 6 has been slightly reconfigured due to the Airport's Master Plan construction program for Boarding Area "G" and the Air Train (Airport Light Rail System).

The proposed lease would reflect the City's Administrative Code and other City requirements, such as provisions requiring compliance with the ban on tropical hardwoods and virgin redwood, the MacBride Principles related to employment inequity in Northern Ireland, the Non-Discrimination in City Contracts and Equal Benefits Ordinance, and the Minimum Compensation Ordinance.

Comments:

1. The Airport Commission adopted Resolution No. 00-0464 on December 19, 2000, recommending the proposed new lease to United retroactive to June 1, 1999. As shown in Attachment I, the lease is retroactive to June 1, 1999 because in June of 1999, the Airport determined that the Air Train required adjustments that would encroach upon the eastern boundary of the new Plot 6. Finalization of the Plot 6 lease was therefore put off until the Air Train issues were settled and a legal description of the premises could be accurately determined. Ms. Schimke reports that because these adjustments were minimal, United agreed to establishing an effective date of June 1, 1999 for the proposed lease at the then market value rental rate. The final configuration of the parcel incorporating the Air Train land recapture was not defined and resolved between the Airport and United until November of 2000.

2. According to Ms. Schimke, the proposed lease of 16.04 acres includes 14.61 acres of the old Plot 6 and 1.43 acres of the old Plot 5. As previously noted, the annual rent for the first and second year for the 16.04 acres would be

BOARD OF SUPERVISORS  
BUDGET ANALYST



Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

\$1,584,655.76, a net annual increase of \$1,076,302.76, or an increase of approximately 211.7 percent, retroactive to June 1, 1999, from the permit rent of \$508,353 payable by United to the Airport for the 19.35 acres of Plots 5 and 6 covered under permit. The new proposed lease pertaining to 16.04 acres would result in a reduction of 3.31 acres being leased by the Airport to United. Ms. Schimke reports that upon approval of the proposed lease by the Board of Supervisors, United would pay retroactively to the City \$1,793,838, representing the difference in the monthly rental income of \$89,691.90 for the 20 month period from June 1, 1999, the start of the proposed lease, through January 31, 2001. The net increase in rent payable by United to the Airport for the first two years of the lease is calculated as follows:

|  | Approximate Annual<br>Cost per Acre | Total Acres       | Annual Airport<br>Revenues |
|--|-------------------------------------|-------------------|----------------------------|
| Old permit: Plot 5   | \$42,000                            | 4.07 <sup>1</sup> | \$170,940                  |
| Plot 6   | \$22,082                            | 15.28             | 337,413                    |
| Subtotal for permit  |                                     | 19.35             | \$508,353                  |
| Proposed new lease for<br>new Plot 6 (includes a<br>majority of the acreage<br>of the old Plot 6 and a<br>small parcel of the old<br>Plot 5) | \$98,794                            | 16.04             | 1,584,655.76               |
| Net Increase   |                                     |                   | \$1,076,302.76             |

3. The Budget Analyst notes that had the rent amount for the second year of the proposed lease between June 1, 2000 and June 1, 2001 been adjusted for the increase in the CPI, then the rent would have increased by 3.77 percent or approximately \$59,742 to an annual rent of approximately \$1,644,398 instead of the proposed annual rent of \$1,584,655.76 for the second year of the proposed lease.

4. Since the lease began on June 1, 1999, the proposed resolution should be amended to provide for retroactive authorization.

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<sup>1</sup> Under the proposed lease for the new Plot 6, United will lease 1.43 acres of the 4.07 acres of Plot 5 that were under permit.

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

5. At the meeting of February 7, 2001 the Finance Committee requested the Airport Director to attempt to renegotiate this proposed new lease in order to require United Airlines to pay a CPI adjustment to the Airport for the second year of this proposed lease between June 1, 2000 and June 1, 2001.

6. At the request of the Finance Committee, Mr. Gary Franzella of the Airport contacted Ms. Kate Hill, Regional Manager of Corporate Real Estate for United Airlines concerning a possible renegotiation of this lease to address concerns over the lack of a CPI adjustment for the second year of the proposed lease between June 1, 2000 and June 1, 2001. In response to the Airport's request, Mr. Peter Nardoza of the Airport states in his memorandum of March 21, 2001 to the Finance Committee pertaining to this item as well as File 01-0039, also being considered by the Finance Committee on its calendar of April 4, 2001 (Attachment II): "United Airlines has responded that it negotiated in good faith with the Airport over the original lease agreements and believes that the terms agreed to provide value commensurate with the complexity, inconvenience, additional costs and Airport required access associated with both properties." Mr. Nardoza's memorandum provides additional details regarding the negotiations between the Airport and United Airlines.

7. At its April 4, 2001 meeting, the Finance Committee asked the Airport to again request that United Airlines pay to the Airport a CPI adjustment for the second year of the proposed lease, for the period from June 1, 2000 and June 1, 2001. Ms. Cathy Widener of the Airport advises that, as a result, United Airlines has agreed to pay a CPI adjustment for the second year of the lease, which would increase the annual rent paid by United Airlines to the Airport by approximately \$59,741, or 3.77 percent, from \$1,584,656 to \$1,644,397. Attachment III, provided by the Airport is a letter from the Airport to United Airlines stating that United Airlines will pay to the Airport the additional CPI adjustment. This would result in additional annual rental revenues to the Airport of \$59,741. Ms. Widener advises that since both the Airport and United Airlines have agreed to the CPI adjustment, retroactive for the period from July 1, 2000 through June

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

30, 2001, the Airport does not need to amend the actual lease.

8. As noted previously, the Airport Commission adopted Resolution No. 00-0464 on December 19, 2000, recommending the proposed new lease to United retroactive to June 1, 1999. According to Mr. Ted Lakey of the City Attorney's Office, the Airport does not need to return to the Airport Commission for approval of an amended lease to include the additional CPI adjustment of \$59,741 to be paid by United Airlines to the Airport.

Recommendations: 1. Amend the proposed resolution to provide for retroactive authorization, in accordance with Comment No. 4 above.

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2. Approve the proposed resolution, as amended, because, at the request of the Finance Committee, the Airport reports that United Airlines has agreed to pay a CPI adjustment for the second year of the lease, which would increase the annual rent paid by United to the Airport by approximately \$59,741, or 3.77 percent, from \$1,584,656 to \$1,644,397, as noted in Comment No. 7 above.

AIRPORT COMMISSION  
SAN FRANCISCO INTERNATIONAL AIRPORT  
CITY AND COUNTY OF SAN FRANCISCO

MEMORANDUM

TO: Harvey Rose  
Budget Analyst

FROM: Bob Rhoades *BR*  
Deputy Airport Director, Business

SUBJECT: Plot 6 Lease - United Airlines

DATE: January 25, 2001

As discussed in the Budget Analyst's report, the subject lease comprises one element of a complex series of land exchanges required to implement the Airport's Master Plan. The general concept, negotiated in the early 1990's, provided for existing permits to remain in place, at then-current rents, until the land was required for the Master Plan construction or the functions were accommodated elsewhere. It was generally agreed that the Plot 6 lease would not be finalized until the parcel reached its final configuration. It was anticipated that the plot would reach its final configuration when the Airport recaptured a parking parcel in the area now comprising a portion of the new Boarding Area G apron.

The parking parcel was surrendered by United in June 1999; however, at that time it became apparent that the Air Train (Airport light rail system) guideway required adjustments that would encroach upon the eastern boundary of Plot 6. The Plot 6 lease could not be absolutely finalized until the guideway issues were settled and legal description of the premises could be written, based upon formal survey. The issues were finally resolved in late 2000.

Because the guideway adjustments were minimal, the parties agreed that, once approved by the Board of Supervisors, the Plot 6 rent commencement would be retroactive to June 1, 1999. The first CPI adjustment will occur in accordance with lease provisions, once the lease is actually in place (after Board approval). The Base Index for CPI adjustments is defined as "the most recent Consumer Price Index published immediately prior to the Commencement Date," or April 1999. The Comparison Index for the first (June 2001) adjustment will be April 2001, generating a two-year value increase.



San Francisco International Airport  
March 21, 2001

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The Honorable Mark Leno  
Chair, Finance Committee  
Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102-4689

Dear Supervisor Leno:

AIRPORT  
COMMISSION  
CITY AND COUNTY  
OF SAN FRANCISCO  
  
WILLIE L. BROWN JR.  
MAYOR  
  
HENRY E. BERMAN  
PRESIDENT  
  
LARRY MAZZOLA  
VICE PRESIDENT  
  
MICHAEL S. STRAUSS  
  
LINDA S. CRAYTON  
CARTER  
  
JOHN L. MARTIN  
AIRPORT DIRECTOR

I'm writing to relay to you the San Francisco International Airport's attempt to bring closure to the United MOC Lease Modification 3 and the United Plot 6 Lease Modification. As stated in previous Finance Committee meetings, both modifications are vital to the completion of the Airport's AirTrain operation – a major public policy and public transportation goal of the Airport's Master Plan.

At the Finance Committee's request, Airport staff contacted United Airlines with a request to restructure the leases to address concerns over fair market value rent on the lease modification to United Maintenance Operations Center (MOC) and a June 2000 CPI adjustment on the Plot 6 lease.

United Airlines has responded that it negotiated in good faith with the Airport over the original lease agreements and believes that the terms agreed to provide value commensurate with the complexity, inconvenience, additional costs and Airport required access associated with both properties.

While this is not the response hoped for to move these items forward, I believe it is important to point out that United has been a willing partner in the Airport's Master Plan expansion from the beginning. When the Airport was finalizing its Master Plan expansion, United held substantial land in their Plot 5 and 6 leases which were needed to accommodate the expansion of aprons and taxiways to support the New International Terminal. In the mid-1990s United agreed to relinquish leased land, as needed, to meet Master Plan requirements. This was done at substantial cost and inconvenience to United. Additionally Airport staff informed United that another parcel of Plot 6 leased land would be necessary to accommodate the AirTrain platform footprint. In the spirit of United's original agreement to accommodate Master Plan objectives, United agreed to retroactive rent at a higher amount pending the final parcel definition, which was solely in the control of the Airport. It should be noted that this proposed lease represents a net increase in rent of \$1,076,302 annually (a 211% increase), from the current rent of \$508,353 to \$1,584,655.76.



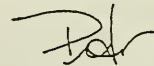
Honorable Mark Leno  
March 21, 2001  
Page 2

With regard to the Lease Modification 3 to the United MOC, the Airport went to United with the request to take back property to which United had absolute rights under its long-term lease until 2013. The Airport's ability to re-acquire this parcel of land in Lot DD has significant revenue implications in its eventual use as long-term parking. The land at issue is anticipated to produce approximately \$3 million annually, once the lot reverts to long-term parking for the AirTrain system. Furthermore, this parking revenue is part of the Airport concessions revenue, 15% of which is paid to the City's General Fund.

Finally, let me remind the Committee that the Airport, according to the terms of the Lease and Use Agreement, must operate on a revenue cost recovery basis. What is not collected from leases and concessions is collected from Airline landing fees and terminal rentals.

I urge your approval of the lease modifications.

Very truly yours,



Peter Nardoza  
Deputy Airport Director  
Public Affairs

cc: Hon. Aaron Peskin  
Vice Chair, Finance Committee  
Hon. Matt Gonzalez  
Member, Finance Committee  
Harvey Rose, Budget Analyst



San Francisco International Airport

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April 25, 2001

Mr. Korbey G. Hunt  
Regional Manager  
Corporate Real Estate  
United Airlines, Inc. - SEAOU  
SeaTac International Airport  
Seattle, WA 98188

AIRPORT  
COMMISSION  
CITY AND COUNTY  
OF SAN FRANCISCO

WILLIE L. KROWN, JR.  
MAYOR

HENRY E. BERMAN  
PRESIDENT

LARRY MAZZOLA  
VICE PRESIDENT

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYLITO

JOHN L. MARTIN  
AIRPORT DIRECTOR

Re: Plot 6 Lease

Dear Korbey:

This is in reference to our conversation of April 11, 2001, regarding two United Airlines' items currently pending before the San Francisco Board of Supervisors' Finance Committee, 1) approval of the Plot 6 lease and 2) approval of Modification No. 3 to the Maintenance Operations Center (MOC) Lease.

As you are aware, the Plot 6 lease provides for initial annual rent of \$1,584,655.76, to be adjusted annually in accordance with CPI increases, with reappraisal every five years. The lease, once approved, will be effective retroactive to June 1, 1999. The first CPI adjustment would have been due June 1, 2000 had the lease been effective at that time. However, it was originally agreed that the initial rent would remain in effect until the first adjustment date after the lease is rendered effective by Board approval. Under that scenario, the first adjustment, presumably June 1, 2001, would have covered a 2-year increase in the CPI, covering the period April 1999 - April 2001.

As agreed in our April 11<sup>th</sup> conversation, United will accept the retroactivity of the first CPI adjustment, provided both of the aforementioned items are moved through the Board without further changes.

Accordingly, annual rent under the Plot 6 lease shall be as follows:

- for the period June 1, 1999 - May 31, 2000 \$1,584,655.76

Korbey G. Hunt  
United Airlines, Inc.  
April 25, 2001  
Page 2

- for the period June 1, 2000 – May 31, 2001 \$1,644,397.28

Comparison Index (April 2000) divided by Base Index (April 1999)

times Base Rent:  $178.7 / 172.2 = 1.0377$

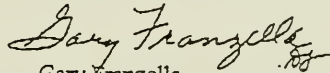
$1.377 \times \$1,584,655.76 = \$1,644,397.28$

- The adjustment due June 1, 2001 shall now increase the rent proportionate to the one-year increase in the CPL

This will also confirm that the rental rate for the entire premises under the MOC lease, including the premises being added pursuant to Modification No. 3, will be adjusted to fair market value in accordance with terms of the lease effective July 1, 2003.

Thank you for your cooperation in this matter.

Sincerely,



Gary Franzella  
Assistant Deputy Airport Director  
Aviation Management

cc: John L. Martin  
Bob Rhoades



Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting  
Item 3 - File 01-0667

**Department:** Airport

**Item:** Resolution approving Lease Modification Number 15 for Lease No. 82-0126 between United Air Lines, Inc. (United), and the City and County of San Francisco, acting by the through the Airport Commission.

**Lessor:** City and County of San Francisco

**Lessee:** United Airlines, Inc.

**Term of Lease:** July 1, 1981 through June 30, 2011, with no option to renew.

**Effective Date of Lease Modification:** June 1, 2001 or upon occupancy of said areas if the Board of Supervisors has approved the lease and occupancy occurs prior to June 1, 2001.

**Description:** Under Lease and Use Agreement No. 82-0126 (Agreement) dated July 1, 1981, by and between the City and County of San Francisco and United Air Lines, Inc., as previously amended and approved by the Board of Supervisors, United leases from the Airport approximately 442,444 square feet of exclusive use space in the North Terminal of the San Francisco International Airport. The Agreement was last amended and approved by the Board of Supervisors in November of 1999 (File 99-1852) for the purpose of relocating United's international flights to the new International Terminal and the completion of United's new automated baggage system.

According to Ms. Dorothy Schimke of the Airport, over the past approximately 8 years, air passenger traffic in the North Terminal had increased so significantly it had severely strained the existing concession and airline operations space. Therefore, in 1998 the Airport undertook a program to expand Boarding Area "F" of the North Terminal, adding approximately 49,973 square feet of airline operations space under the lease with United (see Attachment I, provided by the Airport).



The purpose of the proposed Lease Modification No. 15 is (1) to account for the increase of approximately 49,973 square feet of exclusive use space in the North Terminal used by United Airlines for the expansion of Boarding Area "F"; and, (2) the decrease of approximately 462 square feet of United's exclusive use space from the International Terminal, which had been erroneously included by the Airport in Modification No. 14, previously approved by the Board of Supervisors, as both United's exclusive use space and as joint use space (see Comment 4). Joint use space is defined as airline rental space in a facility owned by the Airport which is leased to more than one airline for the shared use of all airlines sharing that space. Ms. Schimke advises that the subject approximately 462 square feet is correctly included in the International Terminal as joint use space because the space is leased to more than one airline for shared use whereas all applicable airlines pay their share of the rent for that space.

Comments:

1. According to Ms. Schimke, the increase of approximately 49,973 square feet of exclusive use space in the North Terminal for United would result in the increase of annual rental to the Airport of \$5,013,433, as shown in the table below, based on the rental rates in effect from February 1, 2001. Ms. Schimke advises that this increase represents a 15% increase in United's rent for the North Terminal. Ms. Schimke states that rental rates are based on the Airport's Rates and Charges for Airlines, which are adjusted each July 1 by the Airport using the rates and charges methodology prescribed in the Lease and Use Agreements, as previously approved by the Board of Supervisors, and contained in Attachment II, provided by the Airport. Ms. Schimke notes that the rental rates in effect from July 1, 2000 were updated on February 1, 2001 due to a revenue shortfall primarily from the delayed opening of the International Terminal.

2. According to Ms. Schimke, Modification No. 15 of the subject Agreement adds space to United's North Terminal leasehold following the completion of the expansion of Boarding Area "F" in the following categories:

| <u>Category</u> | <u>Description</u>  |
|-----------------|---|
| I               | Gate Holdroom Space   |
| II              | New Red Carpet Club and Mezzanine Offices located above the flight departure level. |
| III             | Enclosed Space located below the flight departure level.                            |
| IV              | Miscellaneous Mechanical Space  |
| V               | Unenclosed Storage  |

The approximately 49,973 square feet will be added under the United lease in the following five categories of space:

| North Terminal Building |                                   |               |                     |                         |                      |                      |                         |
|-------------------------|-----------------------------------|---------------|---------------------|-------------------------|----------------------|----------------------|-------------------------|
| Category                | Annual Rent per Sq Ft by Category | Current Sq Ft | Current Annual Rent | Proposed Sq Ft Increase | Annual Rent Increase | Total Proposed Sq Ft | Anticipated Annual Rent |
| I                       | \$ 154.78                         | 62,572        | \$ 9,684,894        | 552                     | \$ 85,439            | 63,124               | \$ 9,770,333            |
| II                      | 116.09                            | 85,703        | 9,949,261           | 35,242                  | 4,091,244            | 120,945              | 14,040,505              |
| III                     | 77.40                             | 65,613        | 5,078,446           | 9,484                   | 734,062              | 75,097               | 5,812,508               |
| IV                      | 38.69                             | 211,191       | 8,170,980           | 1,293                   | 50,026               | 212,484              | 8,221,006               |
| V                       | 15.48                             | 17,365        | 268,810             | 3,402                   | 52,663               | 20,767               | 321,473                 |
| Total                   |                                   | 442,444       | \$ 33,152,392       | 49,973                  | \$ 5,013,433         | 492,417              | \$ 38,165,825           |

3. Ms. Schimke advises that the building expansion of Boarding Area "F", including the subject 49,973 square feet of space for United, was substantially completed in November of 2000. United is currently constructing its tenant improvements in the North Terminal, which are expected to be completed by late Summer of 2001. Therefore, United has not yet begun to occupy the subject 49,973 additional square feet. According to Ms. Schimke, the proposed Modification No. 15 will become effective on June 1, 2001 or upon United's occupancy of the subject additional 49,973 square feet, whichever is earlier, in accordance with the latest established rates as of February 1, 2001.

4. Ms. Schimke states that Modification No. 14, previously approved by the Board of Supervisors, erroneously included approximately 462 square feet of exclusive use Category III or Enclosed space in the International Terminal. Ms. Schimke advises that the inclusion of the subject approximately 462 square feet of

BOARD OF SUPERVISORS  
BUDGET ANALYST

exclusive use Category III space for United was an administrative error. According to Ms. Schimke the approximately 462 square feet of space is properly defined as joint use space in the International Terminal and not as exclusive use space. Ms. Schimke advises that all rental rates are the same whether classified as exclusive use space or joint use space. Regarding this 462 square feet in the International Terminal which, according to Ms. Schimke, United was erroneously charged twice by the Airport, as both exclusive use space and joint use space, the Airport will still receive, on an annual basis, \$35,759 for the subject approximately 462 square feet under joint use space, of which United will pay its proportionate share of the rent. The Airport proposes to refund the portion of the rent paid twice by United. This refund is estimated to be \$15,506 for the exclusive use space for the period from December 10, 2000, when United took joint use occupancy of the subject square footage until approval of this legislation by the Board of Supervisors and the Mayor. June 1, 2001 was used as the basis for the calculation of the \$15,506 based on the estimated date of final approval of this resolution. If approval of this renovation is finalized prior to June 1, 2001 then United would be refunded less than \$15,506.

5. Given the reduction in the annual revenues of \$35,759 for the approximately 462 square feet of exclusive use Category III space in the International Terminal that United was being charged by the Airport and the increase in annual revenue to be paid by United for the additional 49,973 square feet of exclusive use space of \$5,013,433 from the expansion of Boarding Area "F" in the North Terminal, the total net annual increase in rent revenues payable by United to the Airport is estimated to be \$4,977,674 (\$5,013,433 less \$35,759). Ms. Schimke advises that the rental rates beginning in July 1, 2001 are anticipated to be higher than the rates currently being charged.

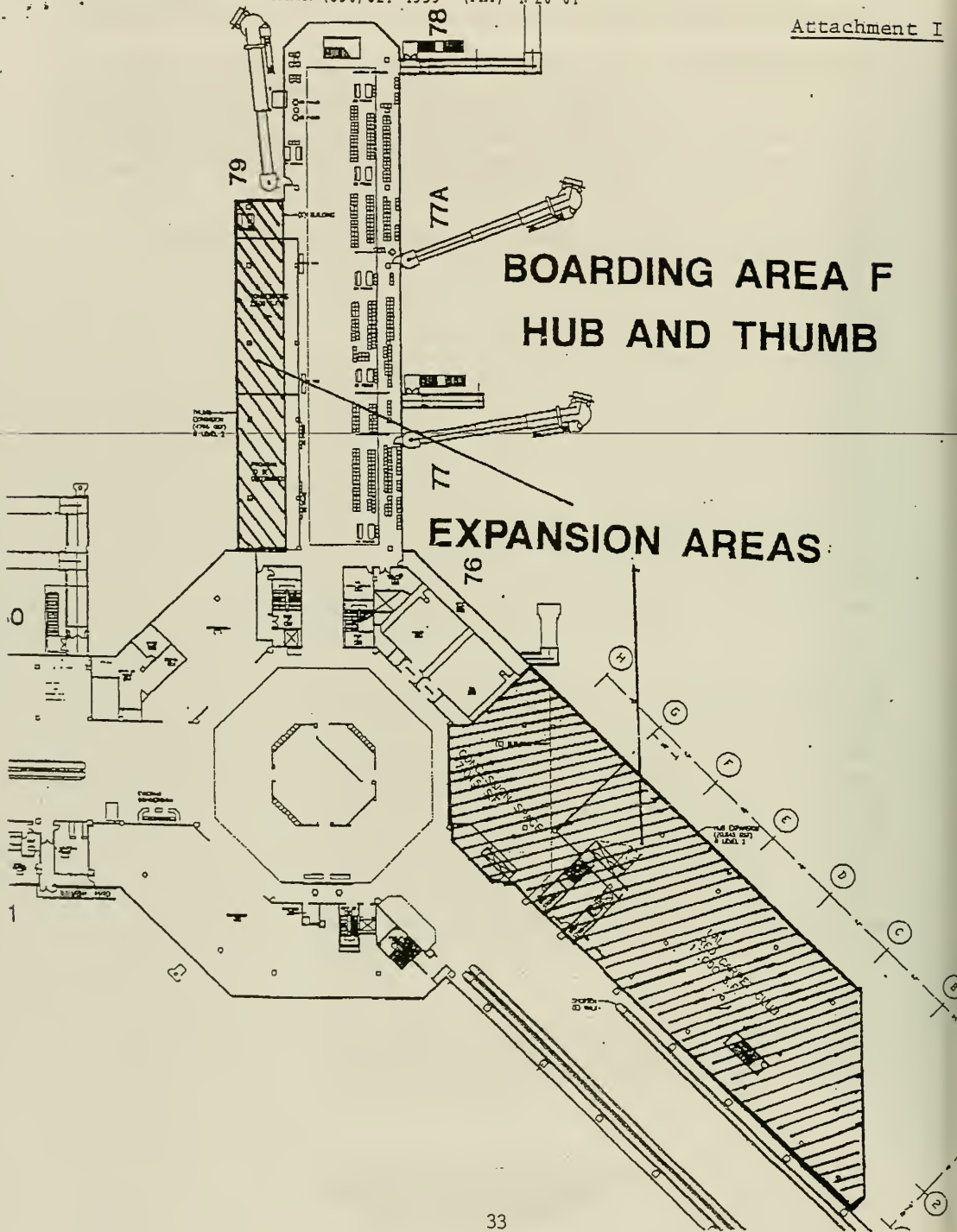
6. The proposed resolution does not include language for the deletion of approximately 462 square feet exclusive use space in the International Terminal which had been charged to United.

**Recommendations:**

1. Amend line fifteen of the proposed resolution to account for the deletion of approximately 462 square feet of exclusive use space in the International Terminal by adding, "and deletion of approximately 462 square feet of the International Terminal as exclusive use space," in accordance with Comment 6 above.
2. Approve the proposed resolution, as amended.

# BOARDING AREA F HUB AND THUMB

## EXPANSION AREAS





**AIRPORT COMMISSION**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**CITY AND COUNTY OF SAN FRANCISCO**

**MEMORANDUM**

**TO:** Budget Analyst

**DATE:** April 24, 2001

**FROM:** Dorothy Schimke 

**Airport Rates and Charges**

**Background**

In 1979 a number of airlines filed suit to litigate certain complaints against the City, including an allegation that Airport revenues were being unlawfully diverted to the City's General Fund. (Federal law prohibits the expenditure of airport revenues for non-airport purposes.) In early 1980 the City and the airlines that were parties to the suit entered into settlement negotiations that resulted in a detailed Settlement Agreement and an Airline-Airport Lease and Use Agreement ("the LU"). Provisions for a substantial restructuring of the financial operation of the Airport, including the methodology for calculating Airport Rates and Charges, were incorporated into the LU as part of the Settlement Agreement.

**Calculation of Rates and Charges**

In general, the airlines are obligated to pay terminal building rental rates and landing fees in amounts that, when included with all other Airport revenues, will be sufficient to cover all annual Airport costs. Rates are adjusted annually. Terminal rate adjustments are based on the average cost per square foot of providing, maintaining and operating the terminal building areas.

A simplified outline of the methodology for calculating Airport terminal rents is as follows:

1. **Expense Forecasting.** Airport forecasts its expenses, including both operating and capital expenses, for the upcoming fiscal year.

Budge Analyst  
April 24, 2001  
Page 2

2. **Revenue Forecasting.** Airport forecasts its non-airline terminal revenues for the upcoming fiscal year.
  - Concession revenues
  - Rents from non-airline tenants
  - Other revenues (e.g., interest on unexpended capital funds)
1. **Annual Service Payment.** 15% of Concession revenues goes to City's general fund as compensation for indirect services to the Airport.
2. **Calculation.**
  - Non-airline revenues (net of Annual Service Payment) are set off against projected expenses.
  - Remainder (expenses that are not covered by non-airline revenues) is divided by the total square feet of terminal space rented by airlines to determine average rent per square foot, which is then apportioned into five rate categories.
  - The higher the number of square feet rented to airlines, the lower the effective rental rate required to recover the terminal costs.

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

Item 4 – File 01-0590

**Department:** Department of Elections

**Item:** Resolution urging the Department of Elections and the Budget Analyst to provide pertinent information regarding the cost savings and other logistical specifics of instant run-off voting to support the Board of Supervisors consideration of a Charter Amendment for the November 2001 ballot.

**Description:** Under Charter Section 13.102, if a candidate for the elective offices of the Mayor, Sheriff, District Attorney, City Attorney, Treasurer, Assessor-Recorder, Public Defender and members of the Board of Supervisors does not receive a majority of the votes cast in an election for that office or District, the two candidates receiving the most votes then qualify to have their names placed on the ballot for a City-wide or District run-off election. In accordance with Charter Section 13.102, such run-off elections for the offices of Mayor, Sheriff, District Attorney, City Attorney, Treasurer or a District run-off election for the Board of Supervisors are to be held on the second Tuesday of the next ensuing December. The run-off elections for Assessor-Recorder and Public Defender are to be held at the next general election.

The proposed resolution would urge the Department of Elections and the Budget Analyst's Office to work together to provide information on instant run-off voting, including the potential cost savings and other logistical specifics, to support the Board of Supervisors' consideration of placing a Charter Amendment on the November of 2001 ballot to implement instant run-off elections in San Francisco.

The instant run-off voting system produces a majority winner in a single election by simulating a series of run-off elections. Under the instant run-off voting system, voters would cast a vote for their first choice for each office, and also indicate on

their ballot their second and third choices among the candidates for each office. If any candidate receives a majority of first choices in the initial vote count, that candidate is elected.

However, if no candidate receives a majority of the votes in the first round, then the candidate who received the fewest first choice votes would be eliminated. Each ballot with a first choice vote for the eliminated candidate would then be recounted to assign those voters' second choice votes to the remaining candidate. Again, if no candidate receives a majority of the votes, the candidate who received the fewest votes is eliminated and the votes cast for the second and eventually the third ranked candidates are then tabulated from the eliminated candidate. This process of eliminating candidates and transferring their votes to the next-ranked candidates would be repeated until a single candidate received a majority of the votes from the remaining ballots. This instant run-off election process would be conducted during each November election, and would eliminate the need for a separate December run-off election.

Comments:

1. Mr. Ara Minasian of the Department of Administrative Services advises that the December of 1999 Mayoral Run-off Election cost approximately \$1.48 million. Since the Department of Elections has now purchased new more expensive voting equipment, Mr. Minasian estimates that an average City-wide December run-off election in San Francisco would now cost approximately \$1.5 million to \$2.0 million. If the proposed resolution is approved, the Budget Analyst's Office and the Department of Elections would provide more precise cost estimates for run-off elections to assist in the preparation of the proposed Charter Amendment.

2. According to Ms. Christiane Hayashi of the Department of Elections, the existing Election Systems and Software (ESS) equipment is technologically capable of handling an instant run-off election, where there are up to 17 candidates,

and one write-in candidate, for a single office. In addition, Ms. Hayashi advises that there would be no additional computer or equipment costs for the City to undertake an instant run-off election process. Furthermore, Ms. Hayashi reports that, if the City purchases or leases a different election system in the future, such equipment or system is likely to have the technological capabilities to handle an instant run-off election.

3. However, Ms. Hayashi advises that there would be a need for additional outreach to San Francisco voters, through City-wide mailings (\$140,000), production of public service announcements (\$35,000) and other media outlets, such as Citywatch (\$5,000) to explain how the new instant run-off election process works and to minimize voter confusion. These additional outreach efforts are estimated to cost a total of approximately \$180,000. Ms. Hayashi acknowledges that the additional costs of these outreach efforts would be specifically targeted to the new instant run-off election process for the first year or two that the system was implemented. After the first year or two of implementation of this new system, such information would be incorporated into the Department of Elections more general voter outreach efforts and the additional costs, if any, would be minimal, according to Ms. Hayashi.

Ms. Hayashi also reports that in order to allow each voter to indicate their first, second and third choices for a variety of candidates, an additional page on the ballot may be required, and thus may result in additional ballot printing and handling costs. The proposed instant run-off election may also require some additional minor Department of Election staffing costs to tabulate the more extensive data from the instant run-off results. These costs would be more precisely estimated through the joint efforts of the Budget Analyst's Office and the Department of Elections, if the proposed resolution is approved.

4. Overall, the net savings to the City of implementing instant run-off elections is estimated to be at least \$1.0 million per year, based on the estimated costs of approximately \$1.5 million to \$2.0 million to conduct a separate run-off election, less the estimated additional costs of \$180,000 for outreach efforts plus as yet undetermined amounts for additional ballot pages and staffing to conduct an instant run-off election. However, the precise amount of savings would be determined by the Budget Analyst's Office and the Department of Elections, if the proposed resolution is approved. Ms. Hayashi cautions that such savings would only result if all local candidates had instant run-off elections. Ms. Hayashi advises that the City would not enjoy the full potential cost savings of instant run-off voting if the system is implemented only for selected local offices, such as the Board of Supervisors, since candidates for other local offices on the same ballot might still require a run-off election, thus negating most of the savings that would otherwise be realized. Ms. Hayashi also notes that the proposed instant run-off elections could not be applicable to any State or Federal candidates for offices.

5. According to Ms. Hayashi, Ireland currently uses instant run-off elections to elect their President and Australia currently uses instant run-off elections to elect their House of Representatives. In November of 1998, the voters of Santa Clara County approved a Charter Amendment authorizing instant run-off voting, when the County's voting equipment is technologically capable of handling such a system. However, to date, Santa Clara County has not conducted instant run-off elections. In FY 2000-2001, the City of Oakland approved a Charter Amendment to use instant run-off voting in special elections to fill vacancies on the City Council. Similarly, the voters in the City of San Leandro recently adopted a Charter Amendment to switch from plurality elections to majority run-off elections, with the option of using instant run-off elections. However, to date, none of these local



jurisdictions have actually conducted an instant run-off election.

6. Ms. Hayashi advises that the only potential difficulty, which she is aware of, with instant run-off voting would be the potential for voter confusion. Ms. Hayashi advises that such confusion could be mitigated with sufficient voter outreach and information. Conversely, Ms. Hayashi advises that the benefits of an instant run-off election include: (a) higher voter turnout which normally occurs for the November General Elections than for the December Run-off Elections, such that more voters would participate in directly electing the candidates; (b) immediate final results of the election in November, rather than waiting an additional month until the December Run-off Elections; (c) shortening of the election cycle, thus requiring only one campaign for the candidates, and potentially resulting in lower campaign costs; and as previously noted, (d) a preliminary estimate of Department of Election's cost savings of approximately \$1 million annually, because San Francisco would only have to pay for one election.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Item 5 - File 00-1783

**Department:** Business and Economic Development Department

**Item:** Hearing to consider the release of reserved funds in the amount of \$100,000 for the San Francisco Apartment Association's Legal Assistance to Low Income Property Owners Program.

**Amount:** \$100,000

**Source of Funds:** General Fund monies appropriated and reserved by the Board of Supervisors in the FY 2000-2001 Business and Economic Development Department.

**Description:** During the FY 2000-2001 budget review, the Board of Supervisors appropriated and reserved \$100,000 to the Business and Economic Development Department for allocation to the San Francisco Apartment Association (SFAA), a nonprofit organization which offers multi-lingual services to member rental property owners about rental property management.

Under the proposed project, the SFAA would create a new SFAA Legal Foundation which would provide legal services to qualified low income property owners. The \$100,000 was placed on reserve pending the submission of budget details to the Board of Supervisors.

This requested \$100,000 would be used by the SFAA to establish the SFAA Legal Foundation to provide legal services to an estimated 145 low income property owners for the period from July 1, 2001 through June 30, 2002. According to Ms. Jenan New of the SFAA, the SFAA Legal Foundation would pay for legal services for San Francisco property owners whose income does not exceed "very low income" for the San Francisco metropolitan area, as defined by the Federal Housing and Urban Development (HUD). "Very low income" as defined by HUD for a four person household in 2001 is \$42,500. Such legal services would pertain to cases including (a) delinquent rent, and (b) enforcement of various agreements and (c) representation before City agencies such as the Residential Rent Stabilization and Arbitration

Board and the Department of Building Inspection. The SFAA Legal Foundation would also use the subject funds to develop and provide legal clinics and classes to low income property owners. Ms. New reports that a SFAA Legal Foundation Board of Directors, to be appointed by SFAA's 15-member Board of Directors, would govern the SFAA Legal Foundation. A list of SFAA's Board of Directors is shown in Attachment I, provided by the SFAA. According to Ms. New, the SFAA Legal Foundation Board of Directors would consist of seven members including one member from each of the following seven organizations: the SFAA Board of Directors, the SFAA staff, the Coalition for Better Housing, the San Francisco Association of Realtors, the Professional Property Management Organization, the Chinese Realtors of America and the Association of Homeowners.

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**Budget:**

A budget for the period July 1, 2001 through June 30, 2002 for the proposed SFAA Legal Foundation, is as follows:

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

|  |                  |
|--|------------------|
| <u>Legal Service</u>   |                  |
| Legal Services (145 cases @ \$450 per case consisting of 870 of paid hours of attorney time, at an average time of 6 hours per case at \$75 per hour and 145 hours of donated time, at one hour per case. See Comment No. 1) | \$ 65,250        |
| Case Materials/Duplication (145 cases @ \$25 per case)   | 3,625            |
| Subtotal Legal Services  | \$ 68,875        |
| <u>Promotion</u>   |                  |
| Development (logo, brochures, letterhead)  | \$ 1,350         |
| Brochure Printing  | 2,640            |
| Letterhead/Envelope Printing   | 795              |
| Bulk Mail Expense  | 3,480            |
| SF Apartment Magazine (advertising)  | 775              |
| Asian Week (advertising)   | 950              |
| New Mission News (advertising)   | 800              |
| SF Independent (advertising)   | 1,310            |
| Press Conference   | 1,000            |
| Subtotal Promotion   | \$ 13,100        |
| <u>Education</u>   |                  |
| Development of Classes (12 hours at \$45 per hour)   | \$ 540           |
| Class Instructor (6 hours @ \$75 per hour)   | 450              |
| Classroom Rental   | 360              |
| Class Materials/Books  | 375              |
| Subtotal Education (see Comment No. 4)   | \$ 1,725         |
| <u>Administrative</u>  |                  |
| Staff (960 hours @ \$12.50 per hour)   | \$ 12,000        |
| Foundation Set-up  | 1,000            |
| Fringe Benefits  | 1,800            |
| Contingency (@ 1.5 percent for cost overruns)  | 1,500            |
| Subtotal Administrative  | \$ 16,300        |
| <b>TOTAL PROGRAM COST</b>  | <b>\$100,000</b> |

Attachment II, provided by the SFAA, contains additional budget details for the summary budget noted on the previous page.

Comments:

1. Ms. New advises that the SFAA has generated a list of attorneys who would provide legal services to eligible property owners at an hourly rate of \$75, which she

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



advises is a discount from the attorney's standard hourly rate of \$150 to \$200. These attorneys would donate one hour of free consultation to each eligible property owner seeking legal services from the SFAA Legal Foundation. The SFAA Legal Foundation would use the subject General Fund monies to pay the \$75 hourly fee to the lawyers on behalf of the property owner for each hour of legal services beyond the first donated hour, up to a maximum of six additional hours. The SFAA Legal Foundation would cover the cost of such legal services for an estimated 145 cases at a maximum cost of \$450 per case, for a total annual cost of \$65,250. According to Ms. New, should a client require more than seven hours of legal services (one hour donated plus six hours at \$75 per hour), (1) the client may apply to the SFAA Legal Foundation for additional legal services, or (2) the client and the SFAA Legal Foundation would propose a litigation budget where both parties would be financially responsible for the case. Ms. New states that the SFAA would monitor the property owner's case to insure client satisfaction and that legal services were being provided in an efficient manner.

2. According to Ms. New, any court awards or settlements would reimburse the SFAA Legal Foundation for their costs. Such reimbursements would not be subject to Board of Supervisors appropriation approval.

3. According to Ms. New, SFAA would advertise and promote the SFAA Legal Foundation to low income property owners at a one-time total annual cost of \$13,100, as detailed in the budget. A promotional campaign would include the development of letterhead stationary and brochures, as well as a mailing to 12,000 potential clients. The SFAA Legal Foundation would advertise in neighborhood newspapers including Asian Week, New Mission News, Independent and the San Francisco Apartment Magazine published by Sheridan and Associates. The SFAA Legal Foundation would also conduct a press conference at City Hall.

4. Ms. New reports that staff from SFAA's Education Program would develop and conduct three two-hour classes for the SFAA Legal Foundation. Each class would

have 25 low income property owners, at a total cost of \$1,725. The classes would be held at the University of San Francisco.

5. SFAA staff, at a total cost of \$16,300, would provide administrative services to the SFAA Legal Foundation, according to Ms. New. No City personnel would be responsible for providing administrative services for the SFAA Legal Foundation.

6. Ms. New reports that the SFAA Legal Foundation would begin operation as of July 1, 2001. Ms. New advises that the \$100,000 in subject funds would be fully expended by June 30, 2002. At such time, the program would terminate, if SFAA is unable to secure additional funds from private sources or from the City's General Fund to continue the program.

**Recommendations:**

1. Approval of the requested release of reserved funds, in the amount of \$100,000, is a policy matter for the Board of Supervisors.
2. If this requested release of \$100,000 is approved, require the San Francisco Apartment Association to report back to the Board of Supervisors by December 31, 2001 as to the results of the first six months of the new program.

**2001 San Francisco Apartment Association Board of Directors****Director****Eric Andresen***President-Elect & 1st VP* West Coast Property Management**Neveo Mosser***President* Property Management Merchandise**Merrie Turner Lightner***Past President Ex Officio* Lightner Property Group**Marc Wilson***2nd VP* Wilson Properties**Bob Mayer***Treasurer***James Laufenberg***Secretary***Andrew Long****Bartholomew Murphy**

Murphy Investments

**Bob Voss****David Wasserman**

Wasserman-Taxman

**Jim Forbes**

Urban Properties

**Marina Franco****Nancy Lenvin****Susan Sangiacomo**

Trinity Investments

**Thomas Garber**

# LOW INCOME PROPERTY OWNER LEGAL FUND

## PROGRAM COSTS

### SECTION A - LEGAL SERVICE

#### LEGAL SERVICES

145 cases @ \$450.00 per case \$ 65,250.00

#### CASE MATERIALS/DUPLICATION

145 cases @ \$25.00 per case \$ 3,625.00

### SECTION B - PROMOTION

#### DEVELOPMENT (LOGO, BROCHURES, LETTERHEAD)

30 hrs. @ \$45.00 hr. \$ 1,350.00

#### BROCHURE PRINTING

12,000 @ \$.22 ea. \$ 2,640.00

#### LETTERHEAD/ENVELOPE PRINTING

1,500 @ \$.53 ea. \$ 795.00

#### BULK MAIL EXPENSE

12,000 @ \$.29 ea. \$ 3,480.00

#### SF APARTMENT MAGAZINE

1 Full Page Advertisement (discount rate) \$ 775.00

#### ASIAN WEEK

1 Half Page Advertisement \$ 950.00

#### NEW MISSION NEWS

1 Half Page Advertisement \$ 800.00

#### SF INDEPENDENT

1 Half Page Advertisement \$ 1,310.00

#### PRESS CONFERENCE WITH CITY HALL OFFICIALS

5 hours @ \$200.00 hr. \$ 1,000.00

### SECTION C - EDUCATION

#### DEVELOPMENT OF CLASSES

12 hrs. @ \$45.00 hr. \$ 540.00

#### CLASS INSTRUCTOR @ \$75 HR.

Three 2 hour classes @ \$150.00 ea. \$ 450.00

#### CLASSROOM RENTAL

3 dates @ \$120.00 ea. \$ 360.00

#### CLASS MATERIALS/BOOKS

75 Material/Books @ \$5.00 per student \$ 375.00

### SECTION D - ADMINISTRATIVE

#### STAFF (HALF-TIME)

one year @ \$1000.00 mo. \$ 12,000.00

#### FOUNDATION SET-UP FEE (LEGAL)

5 hours @ \$200.00 hr. \$ 1,000.00

#### TAXES/BENEFITS

\$ 1,800.00

#### CONTINGENCY (1.5%)

\$ 1,500.00

#### TOTAL

\$ 100,000.00





Item 6 -- File 01-0554

**Note:** This item was continued by the Finance Committee at its meeting of April 25, 2001

**Department:** Board of Supervisors

**Item:** Motion submitting for approval the Fiscal Year 2001-2002 Budget by the Board of Supervisors.

**Description:** The proposed motion would authorize the Clerk of the Board to submit the FY 2001-2002 Budget for the Board of Supervisors review. In accordance with the proposed motion, the FY 2001-2002 Budget for the Board of Supervisors includes funding for the new Local Agency Formation Commission and the new Office of District Community Services. Funding all existing and new divisions, the Board's total proposed budget for FY 2001-2002, which has been submitted to the Mayor, is \$10,072,339, or \$991,593 more than the \$9,080,746 approved in the FY 2000-2001 budget.

**Comment:** The Budget Analyst will review and make recommendations to the Finance Committee in June of 2001, on the Board of Supervisors FY 2001-2002 budget, when the Budget Analyst's Office reviews all City and County department budgets as recommended by the Mayor.

**Recommendation:** Approval of the proposed motion is a policy matter for the Board of Supervisors.



Item 7 – File 01-0105

**Note:** This item was continued by the Finance Committee at its meeting of February 28, 2001.

**Department:** Public Works

**Item:** Ordinance amending the Administrative Code by adding Section 8.40 to authorize the Department of Public Works, or any other department responsible for administering the City and County of San Francisco's Geographic Data Services Program, to charge license fees for the use of the City's Base Map Geographic Information System ("GIS") data and ratifying the establishment of existing and new license fees.

**Description:** The proposed ordinance amends Chapter 8 of the Administrative Code by adding Section 8.40, to:

- Authorize the Department of Public Works (DPW), or any other department responsible for administering the City's Geographic Data Services Program, to "charge license fees thereunder that are consistent with the fair market value of the GIS," and to establish reduced rates for non-profit organizations as determined by the Director of DPW or the Director of any other department responsible for administering the City's Geographic Data Services Program. The proposed ordinance does not identify the specific fee levels.
- Ratify existing license fees.

The proposed ordinance provides authority for the Director of DPW, or the Director of any other department responsible for administering the City's Geographic Data Services Program, to establish license fees at fair market value for the use of the City's Base Map GIS data and that the Director "may establish standard reduced fee rates for non-profit organization licensees of the GIS."

The DPW Office of Geographical Data Services has developed and currently maintains the City's Base Map, which is formatted for and accessed through GIS software. According to Mr. Douglas Legg of the DPW, administration of the City's Geographic Data Services Program will transfer from DPW to the Department of

Telecommunications and Information Services (DTIS) effective July 1, 2001. The Base Map is comprised of all the Assessor's blocks and lots, the City's right of way maps, information on the location and dimensions of curbs and pavement, utility lines, land use zones, street trees, streetlights, and seismic hazard zones. City departments use the Base Map GIS data for a variety of purposes, including facilitating the street construction permitting process, managing the sewer and water main system, and assessing earthquake risk.

According to Mr. Legg, DPW currently charges license fees to third parties through license agreements with Value Added Resellers (VARs) for the use of the City's Base Map GIS data. According to Mr. Legg, third parties include architectural and planning consulting firms, market research firms, cartographic firms, and telecommunications entities. To facilitate the demand by third parties for the City's Base Map GIS data, according to Mr. Legg, the City Attorney prepared license agreements between DPW and VARs. Under contract with the City, the VARs are authorized to sub-license the City's Base Map GIS data to third parties. According to Ms. Tina Olson of DPW, the VAR agreements are not subject to Board of Supervisors approval because under Charter Section 9.118 the VAR agreements that do not have anticipated revenue to the City of \$1 million or more do not require approval by the Board of Supervisors. The VARs re-package the Base Map GIS data, and their products may include software and training.

DPW began charging fees to various City departments and the San Francisco Redevelopment Agency in FY 1996-97 to pay for the development and maintenance of the City's Base Map GIS data. Presently, DPW has work orders from 12 City departments, the San Francisco Redevelopment Agency and 5 DPW bureaus. According to Mr. Legg, DPW entered into license agreements with three VARs, namely Barclay Mapworks, ValueCad, and Hammon, Jensen, Wallen and Associates in October of 1998 to market and sub-license the City's Base Map GIS data to third parties. According to Mr. Legg, these three VARs were selected based on their familiarity with the City's Base Map GIS data and experience with marketing

GIS data to third parties. Under current agreements with the three VARs, which as previously noted are not subject to Board of Supervisors approval, DPW receives on a quarterly basis (1) 50 percent of the gross revenue collected by the three VARs from sub-licensing the City's Base Map GIS data to third parties, up to the fair market value (listed price) of the data product, which is currently \$25,000 as established by the Director of DPW, and (2) 10 percent of gross revenue from products developed from the Base Map by the VARs.

According to Ms. Denise Brady of DTIS, although DTIS assumes responsibility for administering the City's Geographic Data Services Program effective July 1, 2001, the department has not done an analysis of DPW's license agreements with VARs and is unable as of the writing of this report to comment on the most appropriate mechanism to license and/or sub-license the City's Base Map GIS data. Ms. Brady reports that it is DTIS's intention, after July 1, 2001, to consider how to proceed with any agreements with VARs when the license agreements between DPW and VARs expire in September of 2001. (see Comment No. 2). According to Ms. Brady, DTIS will evaluate the structure of the City's Geographic Data Services Program and assess the most efficient and effective source to marketing the City's GIS Base Map data to third parties.

According to Mr. Legg, if DTIS enters into future license agreements with VARs, the department's future share of the annual revenue collected by the VARs from sub-licensing the City's Base Map GIS data to third parties is expected to total \$65,000 beginning in FY 2001-02. Estimated annual revenues of \$65,000 are \$58,907 more than the estimated revenue anticipated to be realized by DPW in FY 2000-01 of \$6,093. To date, DPW has collected \$143,918 from October of 1998 through April 26, 2001. File 01-0588, also being considered by the Finance Committee on its calendar of May 2, 2001, is a request by DPW for the appropriation of \$38,676, or approximately 27 percent, of such revenues collected since October of 1998 from sub-license fees (see Comment No. 4).

As shown in the Attachment provided by DPW, the cost of maintaining the City's Base Map GIS data is estimated at



\$538,676 for FY 2001-02, and would be covered by the following estimated funding sources: (1) \$400,000 in revenue from the budgeted work orders for the City's Base Map GIS data provided by the 12 City departments, the San Francisco Redevelopment Agency and 5 DPW bureaus which participate, (2) \$65,000 in revenue from sub-licensing through VARs the City's Base Map GIS data to third parties, (3) \$38,676 in revenue collected since October of 1998 from sub-license fees for use by third parties of the City's Base Map GIS data, and (4) \$35,000 in consulting fees charged by DPW or, beginning in July of 2001, by DTIS to provide technical assistance to other City departments. The \$38,676 would be appropriated to DPW upon Board of Supervisors approval of File 01-0588, also being considered by the Finance Committee at its May 2, 2001 meeting.

**Comments:**

1. As noted in the Attachment provided by DPW, DPW currently has work orders from 12 City departments, the San Francisco Redevelopment Agency and 5 DPW bureaus for the Base Map GIS data. According to DPW, the work order revenues from the agencies are estimated to total \$400,000 annually. According to Ms. Brady, such work orders will transfer from DPW to DTIS as of July 1, 2001, and DTIS will include all work order commitments in its FY 2001-2002 budget request.

2. In September of 2001, when the existing license agreements between DPW and VARs expire, any future agreements between DTIS and one or more VARs would not be subject to approval by the Board of Supervisors, as previously noted.

3. According to Ms. Adine Varah of the City Attorney's Office, although Charter Section 2.109 provides that the Board of Supervisors must approve by ordinance any rate, fee, or similar charge to be imposed by any City department, the City Attorney's Office has concluded that Section 2.109 does not apply to the GIS Base Map data license fees because when negotiating and charging such intellectual property license fees, DPW, or any other department responsible for administering the City's Geographic Data Services Program, is representing the City in its proprietary capacity. Such intellectual

property license fees are thus distinguishable from fees charged for public facilities or services that are generally offered to the community. According to Ms. Varah, therefore, approval of this ordinance would ratify the existing license fees and authorize the Director of DPW, or the Director of any other department responsible for administering the City's Geographic Data Services Program, to establish new license fees without subsequent approval by the Board of Supervisors of the specific fees which are established by DPW or any other department responsible for administering the City's Geographic Data Services Program.

Currently there is no section in the City's Administrative Code establishing the existing DPW license fees to be charged for the use of City's Base Map GIS data. Ms. Varah states that the proposed ordinance would authorize the DPW, or any other department responsible for administering the City's Geographic Data Services Program, to enter into licensing agreements with VARs that would sub-license third party use of this Base Map GIS data and charge license fees thereunder for the use of the City's Base Map GIS data. In addition, the proposed ordinance would ratify all existing fees charged by the City under GIS data license agreements since July 1, 1998, the start date of the fiscal year in which the City began licensing the Base Map GIS data.

4. According to Mr. Legg, since the Finance Committee meeting on February 28, 2001, DPW has discovered an additional \$105,242 of license fee revenues from FY 1998-99, bringing the total revenues generated by DPW from licensing or sub-licensing the City's Base Map GIS data to third parties to \$143,918 (\$38,676 previously reported by DPW plus the additional \$105,242 now being reported by DPW). According to Mr. Legg, license fee revenues in the amount of \$105,242 were generated by DPW directly licensing the City's Base Map GIS data to a user rather than sub-licensing to a user through VARs. Such license fee revenues were coded differently in the City's accounting system than the sub-license fee revenues. The appropriation of such revenues in the amount of \$105,242 will be subject to Board of Supervisors approval during the FY 2001-2002 budget process.

5. As previously noted, administration of the City's Geographic Data Services Program will transfer from DPW to DTIS effective July 1, 2001.

**Recommendations:**

1. In accordance with Comment No. 5, amend the proposed ordinance on lines 4, 5 and 6 to read "...authorize the Department of Public Works, until July 1, 2001, and the Department of Telecommunications and Information Services, after July 1, 2001, to charge license fees for the use of the City's Base Map Geographic..."
2. In accordance with Comment No. 5, amend the proposed ordinance on lines 16, 17 and 18 to read "(a) License Fees. The Director of the Department of Public Works, until July 1, 2001, or the Director of the Department of Telecommunications and Information Services, after July 1, 2001, or his or her designee..."
3. If this proposed ordinance is approved, require the Department of Telecommunications and Information Services to report back to the Board of Supervisors by September 1, 2001 on how the Department of Telecommunications and Information Services will set license fees for the use of the City's Base Map data.
4. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.



Willie Lewis Brown, Jr., Mayor  
Edwin M. Lee, Director

Department of Public Works  
Finance and Budget Division  
Financial Management and Administration  
City Hall, Room 348  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4645

## Memorandum

February 22, 2001

To: Anna Weinstein  
Board of Supervisor's Budget Analyst's Office

From: Douglas Legg  
Division of Finance and Budget

Re: Proposed GIS Fee Ordinance

This memo is in response to questions you have asked regarding the Department of Public Works proposed GIS fee ordinance and appropriation.

1. How did we arrive at our annual revenue estimate?

The estimate is based on revenues collected by the Counties of Santa Clara and Los Angeles and reduced in proportion to San Francisco's relative size. The estimates were verified through discussions with potential Value Added Resellers (VARs).

2. What is the budget for the Office of Geographic Data Systems? How will DPW address a revenue shortfall if proposed fees revenues are not realized as planned?

### Expenses

|                 |                  |
|-----------------|------------------|
| Salaries        | \$233,727        |
| Fringe Benefits | 51,420           |
| Overhead        | 78,321           |
| Non Labor       | 26,532           |
| Ortho Photos    | <u>148,676</u>   |
| <b>Total</b>    | <b>\$538,676</b> |

### Revenues

|              |                  |
|--------------|------------------|
| Work Orders  | \$400,000        |
| License Fees | 65,000           |
| Fee Balance  | 38,676           |
| Consulting   | <u>35,000</u>    |
| <b>Total</b> | <b>\$538,676</b> |

The work orders are as follows:

|                                     |               |
|-------------------------------------|---------------|
| Assessor/Recorder                   | \$20,000      |
| City Planning                       | 20,000        |
| DBI                                 | 46,000        |
| DPH                                 | 20,000        |
| DPT                                 | 20,000        |
| DPW-Bureau of Construction Mgmt.    | 35,000        |
| DPW-Bureau of Architecture          | 20,000        |
| DPW-Bureau of Engineering           | 20,000        |
| DPW-Bur. Street Environmental Svcs. | 20,000        |
| DPW-Bur. Street & Sewer Repair      | 20,000        |
| DTIS                                | 20,000        |
| Fire Department                     | 20,000        |
| Mayor's OES                         | 19,000        |
| PUC-Bureau of Light, Heat & Power   | 20,000        |
| PUC-Clean Water                     | 20,000        |
| Real Estate                         | 20,000        |
| SFRA                                | 20,000        |
| Treasurer/Tax Coll.                 | <u>20,000</u> |
| Total                               | \$400,000     |

DPW plans to update the Ortho Photograph layer of the Basemap in the current fiscal year. Ortho photographs were last updated in 1993 and the Department and subscriber departments are anxious to for this more accurate and timely data. Should revenues not be realized in the current fiscal year, expenditure of some non-labor budget items or purchase of ortho photographs would be delayed until next fiscal year.

3. What is a Value Added Reseller (VAR)? Why is DPW "licensing" VARs to sell the Basemap data?

A VAR is essentially a broker who markets data or software to interested buyers. City staff are not trained at marketing or managing contracts to sell data, so we use these brokers. The City owns the Basemap data, and licenses the VARs to sell it. The VARs in turn sub-license the data to interested buyers. Under DPW's license agreements with the VARs, DPW is entitled to a percentage of these receipts. Amongst others, the VARs have sub-licensed the City's Basemap to e-commerce map companies, and technology companies that integrate mapping data with cell phone and pager technology.

4. How did DPW decide which VARs to license to sell Basemap data? How will DPW determine which vendors will be licensed in the future?

The staff person who worked with the City Attorney to develop the license agreements is no longer with the City. The best information that we have indicates that DPW chose the current VARs based on their experience with similar municipal organizations and datasets, as well as their familiarity with the City of San Francisco's Basemap data.

For any new agreement or re-licensing of the Basemap GIS data, DPW will aggressively seek the best terms possible through competitive negotiations with qualified data marketing firms.



Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

Item 8 – File 01-0588

**Item:** Ordinance appropriating \$38,676 of Geographic Information System License Fee Revenues for the development and administration of the Geographic Data Services Program of the Department of Public Works.

**Amount:** \$38,676

**Source of funds:** The subject \$38,676 is approximately 27 percent of the \$143,918 in revenues collected by the City since October of 1998 from sub-license fees for the City's Base Map Geographic Information System (GIS) data. Such sub-license fees would be ratified under File 01-0105, also being considered by the Finance Committee at its May 2, 2001 meeting, and appropriated upon approval of this proposed ordinance by the Board of Supervisors. The appropriation of the balance of revenues realized in the amount of \$105,242 (\$143,918 less \$38,676) will be subject to Board of Supervisors approval during the FY 2001-2002 budget process.

**Description:** The proposed ordinance would appropriate \$38,676 for the Department of Public Works (DPW) to take digital aerial photographs of the City. Such digital aerial photographs, anticipated to be taken in June of 2001, would be used to update the City's Base Map GIS data. According to Mr. Jeffrey Johnson of DPW, digital aerial photographs were last taken for the City's Base Map GIS data in 1993.

**Budget:** The Attachment, provided by DPW, provides budget details for the total proposed project cost of \$148,676 including this request of \$38,676. As indicated in the Attachment, \$136,000 would be expended for an outside consultant, Hammon, Jensen, Wallen and Associates, and \$12,676 will be handled in-house by DPW staff.

**Comments:** 1. The proposed digital aerial photographs would be taken by the firm Hammon, Jensen, Wallen and Associates. According to Mr. Johnson, Hammon, Jensen, Wallen and Associates took the digital aerial photographs of the City in 1993. Mr. Johnson reports that DPW is currently in the third year of a three year contract with

BOARD OF SUPERVISORS  
BUDGET ANALYST



Hammon, Jensen, Wallen and Associates, a consultant cited in File 01-0105, to market and sub-license the City's Base Map GIS data to third parties. File 01-0105 is also being considered by the Finance Committee at its meeting of May 2, 2001. Mr. Johnson reports that DPW would expand their existing contract with Hammon, Jensen, Wallen and Associates to have the firm fly over the City and take the digital aerial photographs. Hammon, Jensen, Wallen and Associates, with assistance from DPW staff, would then connect the digital aerial photographs to the City's Base Map GIS data. Mr. Johnson states that Hammon, Jensen, Wallen and Associates was originally selected through a Request for Qualifications process based on their familiarity with the City's Base Map GIS data and experience with taking digital aerial photographs of the City.

2. According to Mr. Johnson and as shown in the attached budget, the digital aerial photography project is estimated to cost \$148,676. The proposed appropriation of \$38,676 would pay approximately 26 percent of the total project cost. The remaining \$110,000 would be covered by revenue from budgeted work orders for the City's Base Map GIS data from 12 City departments, the San Francisco Redevelopment Agency and 5 DPW bureaus, as noted in File 01-0105. Such funds will be requested in the proposed FY 2001-2002 budget.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

**Cost Estimate**

City of San Francisco

| <b>UPDATE PER ORIGINAL SPECIFICATIONS</b>  |                        |                                   | <b>COSTS</b>     |
|--|------------------------|-----------------------------------|------------------|
| <u>Aerial Photography</u> – B/W @ 1"=500'  |                        |                                   | \$10,200         |
| <u>Survey</u> - HJW will fly utilizing Airborne GPS and existing control   |                        |                                   | \$7,700          |
| <u>Aerial Triangulation</u>  |                        |                                   | \$19,700         |
| <u>Digital Terrain Model</u> – HJW will update DTM where changes have occurred   |                        |                                   | \$18,440         |
| <u>Orthophotography</u> – HJW will scan the photography @ 2000 DPI. Mosaics will performed using manual stitch methods to minimize building shear. Imagery will radiometrically balanced. Imagery will be delivered in the City's tiling scheme @ quarter-foot and one-foot resolutions. |                        |                                   | \$79,960         |
| <b>Total Consulting Costs (HJW)</b>  |                        |                                   | <b>\$136,000</b> |
| <b>City Staff – Quality assurance, review of deliverables, distribution, additional programming</b>  |                        |                                   |                  |
| <i>Class#</i>  | <i>Title</i>           | <i>Hourly Rate(inc Fringe+OH)</i> | <i>Hours</i>     |
| 1053   | GIS Programmer/Analyst | \$56.59                           | 224              |
|  |                        |                                   | \$12,676         |
| <b>Total City Staff Costs</b>  |                        |                                   | <b>\$12,676</b>  |
| <b>TOTAL</b>   |                        |                                   | <b>\$148,676</b> |



Items 9 and 10 – Files 01-0363 and 01-0652

**Department:** Airport  
Administrative Services Department, Real Estate  
Division (RED)

**Item:** File 01-0363

Resolution authorizing the acquisition of 6 noise easements for Schools owned by the South San Francisco Unified School District.

File 01-0652

Resolution authorizing the conveyance of 5 quitclaim deeds to property owners in the City of Pacifica to rescind Grants of Easement (noise easement deeds) previously acquired by San Francisco.

**Amount:** File No. 01-0363 (Acquisition of Noise Easements)

\$12,272,013

**Source of Funds:** Federal Aviation Administration (FAA) funds of \$5,436,900, or approximately 44 percent, and Airport Revenues of \$6,835,113, or approximately 56 percent, to be financed from the previously appropriated Airport Capital Projects Commercial Paper Fund (see Comment No. 5)

**Description:** File No. 01-0363 (Acquisition of Noise Easements)

According to Ms. Sally Osaki of the Airport, California law prohibits the operation of an airport if that airport has an average noise impact of greater than 65 decibels on properties that have "incompatible land uses" with regard to this noise, unless a waiver is obtained by that airport from the California Department of Transportation. "Incompatible land uses" include residences, schools, hospitals, convalescent homes, and churches, inside which the noise from airport operations averages above 65 decibels. San Francisco International Airport is currently not in full compliance with this State regulation, and has operated under a waiver provided by the California

Department of Transportation since 1982. In its current non-compliant status, the Airport must reapply for a new waiver every three years.

The Airport, through its Noise Insulation Program and in cooperation with neighboring municipalities and San Mateo County, has undertaken efforts to reduce noise levels in the interior of Incompatible Land Uses near the Airport in order to comply with current California law. State law requires that the Airport offer noise insulation to dwellings, churches, schools, and 24-hour medical care facilities within a specified area, referred to as the noise contour. To date, as part of the Airport's Noise Insulation Program, the Board of Supervisors has previously authorized the Airport to acquire Grants of Easement, in exchange for insulating various facilities from noise. Such easements have been acquired by the Airport from the owners of 11,200 dwellings, 12 churches, four schools and one skilled nursing facility in the cities of Daly City, Pacifica, San Bruno, Millbrae, South San Francisco, and in the unincorporated areas of San Mateo County. Of the total approximate \$155,420,065 cost of insulating these structures, the Airport has paid approximately \$116,440,065, or 74.9 percent, while the FAA has awarded grant funds of approximately \$38,980,000, or 25.1 percent to the local jurisdictions.

The proposed resolution would authorize the Airport to acquire six 20-year noise easements in exchange for the Airport providing noise insulation for seven buildings that currently experience Airport-related noise levels averaging higher than 65 decibels. The subject easements are estimated to cost the Airport a maximum of \$6,835,113, after taking into account the anticipated FAA grant funds. However, the Airport will advance up to approximately \$10,522,013 before the South San Francisco Unified School District receives the FAA grant funds. When the school district receives the grant funds, it will then reimburse the Airport for the advances. Ms. Osaki advises that four of the subject buildings are eligible for FAA grant funds (see Comment No. 1). Further, Ms. Osaki advises that if any of the FAA anticipated grant funds are not received by the South San Francisco Unified School District, the Airport would be

required to make up the difference. She notes, however, that it is highly likely that the FAA will award the grant funds.

Ms. Osaki also advises that acquisition of the subject six easements, per the proposed resolution, is anticipated to be the last noise easement acquisition that the Airport must undertake in order to attempt to come into full compliance with California law, with the exceptions noted below (see Comment No. 3).

File No. 01-0652 (Quitclaim Deeds)

Approval of this proposed resolution would permit five owners of single-family residences, from whom the Airport had previously acquired noise easements, to withdraw from the Noise Insulation Program (i.e. "quitclaim" a previously authorized easement). The Noise Insulation Program contract permits homeowners to withdraw from the program if they choose. The subject properties are located in the City of Pacifica.

Comments:

File No. 01-0363 (Acquisition of Noise Easements)

1. According to Ms. Osaki, six Grants of Easement covering seven buildings would be acquired from the South San Francisco Unified School District. The subject properties consist of four elementary schools, one adult continuing education school, and one high school that includes two buildings (including a library building and an administration building for which one Grant of Easement would be acquired).

Ms Osaki provided the following data on the estimated cost of insulating each building and the expected FAA reimbursement:



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May 2, 2001 Finance Committee Meeting

| Name of Building   | Estimated Cost to Insulate | FAA Grants to the South San Francisco Unified School District | Estimated Cost to Airport | Status of FAA Grant   |
|--|----------------------------|---|---------------------------|---|
| (1) S. San Francisco High School Library                 | \$900,500                  | \$720,400   | \$180,100                 | FAA has committed to providing the 80% reimbursement.   |
| (2) S. San Francisco High School Administration Building | 1,086,599                  | 869,279   | 217,320                   | School District has submitted application for grant funds to FAA but has not yet received a response. |
| (3) Ponderosa Elementary School                          | 1,287,000                  | 1,029,600   | 257,400                   | FAA has committed to providing the 80% reimbursement.   |
| (4) Baden Adult Continuing Education School              | 3,522,026                  | 2,817,621   | 704,405                   | School District has submitted application for grant funds to FAA but has not yet received a response. |
| (5) Juniperro Serra Elementary School <sup>1</sup>       | 2,057,345                  | Not Eligible <sup>2</sup>                                     | 2,057,345                 | Not Eligible <sup>2</sup>   |
| (6) Skyline Elementary School <sup>1</sup>               | 1,217,265                  | Not Eligible <sup>2</sup>                                     | 1,217,265                 | Not Eligible <sup>2</sup>   |
| (7) Buri Buri Elementary School                          | 1,701,278                  | Not Eligible <sup>2</sup>                                     | 1,701,278                 | Not Eligible <sup>2</sup>   |
| Contingency  | 500,000                    |   | 500,000                   |   |
| <b>TOTAL</b>   | <b>\$12,272,013</b>        | <b>\$5,436,900<sup>3</sup></b>                                | <b>\$6,835,113</b>        |   |

<sup>1</sup> Juniperro Serra Elementary School and Skyline Elementary School are located in Daly City but are under the jurisdiction of the South San Francisco Unified School District.

<sup>2</sup> Juniperro Serra Elementary School, Skyline Elementary School, and Buri Buri Elementary School are located outside of a federally specified area and thus ineligible for FAA grant funds.

<sup>3</sup> The FAA has already committed to paying \$1,750,000 of the insulation costs. The Airport anticipates that the FAA will pay for an additional \$3,686,900, for a total of \$5,436,900.

Ms. Osaki informs that the agreement between the Airport Commission and the South San Francisco Unified School District stipulates that the Airport will provide advances of up to \$10,522,013 as follows:

|                                |                    |
|--------------------------------|--------------------|
| Total Estimated Cost           | \$12,272,013       |
| Less Grant Funds FAA Has       |                    |
| Already Committed To Providing | <u>(1,750,000)</u> |
| TOTAL                          | \$10,522,013       |

Ms. Osaki explains that the \$12,272,013 includes a \$500,000 contingency that will cover any construction costs that turn out to be higher than estimated. She notes that \$3,686,900 in additional FAA grants is expected to be awarded for a total of \$5,436,900 in such grant funds (the \$1,750,000 already awarded plus the anticipated \$3,686,900). Ms. Osaki adds that the estimated maximum cost to the Airport will be \$6,835,113 (consisting of the \$12,272,013 anticipated total cost less FAA grant funds of \$5,436,900). Ms. Osaki advises that the FAA will reimburse the South San Francisco Unified School District with the anticipated grant funds of \$5,436,900 as the insulation work progresses. She further advises that the agreement between the Airport and the South San Francisco Unified School District requires the South San Francisco Unified School District to repay the Airport within 30 days of receiving the FAA grant funds.

2. According to Ms. Osaki, the Airport is advancing \$10,522,013 to the South San Francisco Unified School District even though the anticipated cost to the Airport is only \$6,835,113 because the school district has not yet been awarded the remaining anticipated \$3,686,900 in FAA grant funds (\$5,436,900 less \$1,750,000 already committed).

3. The proposed resolution states that the "total cost to acquire said easements shall not exceed \$6.8 million." Ms. Osaki has advised the Budget Analyst that it is possible that the cost to the Airport could exceed \$6.8 million, should the FAA not award the anticipated \$3,686,900 in additional grant funds. Therefore, the Budget Analyst recommends deleting the clause that states that the cost will not exceed \$6.8 million.

4. As previously noted, Ms. Osaki advises that acquisition of the subject six easements, per the proposed

resolution, is anticipated to be the last noise easement acquisition that the Airport must undertake in order to attempt to come into full compliance with California law, with the exceptions noted below. Ms. Osaki further advises that after the Airport acquires the six subject easements, the Airport will file a notice in August 2001 with the California Department of Transportation stating that it is in compliance with California law. The Airport anticipates that the California Department of Transportation will then determine that the Airport no longer requires a waiver to operate lawfully, according to Ms. Osaki. Ms. Osaki notes that the Airport anticipates having to continue to monitor and update compliance activities for situations such as when new owners purchase a property for which the prior owners had documented their refusal to insulate their properties. In such cases, the Airport would attempt to acquire a noise easement from the new owner or would document the new owner's refusal to participate. Likewise, Ms. Osaki notes that shifts in the boundaries of the State noise contour would also require that the Airport attempt to acquire easements from owners of the newly included properties.

5. According to Ms. Osaki, the Airport Capital Projects Commercial Paper Fund, previously appropriated by the Board of Supervisors for the purpose of insulating structures in San Mateo County against Airport noise, will have sufficient funds to cover the cost of insulating the subject buildings.

6. Attachment I is a memo from the Real Estate Division recommending the approval of the proposed resolution to acquire the noise easements.

File No. 01-0652 (Quitclaim Deeds)

7. Ms. Osaki advises that the Airport has already paid \$52,500 to the City of Pacifica for the acquisition of five noise easements to insulate the five single-family homes, whose owners now wish to withdraw from the Noise Insulation Program. Ms. Osaki provided the following breakdown of the \$52,500:

| Address of Single<br>Family Residences | Amount Airport<br>Has Advanced to<br>City of Pacifica |
|--|---|
| 479 Andover Drive                      | \$3,750   |
| 58 Eastridge Circle                    | 15,000  |
| 83 Gateway Drive                       | 3,750   |
| 491 Imperial Drive                     | 15,000  |
| 663 Imperial Drive                     | 15,000  |
| TOTAL                                  | \$52,500  |

According to Ms. Osaki, the \$52,500, previously authorized by the Board of Supervisors and already paid by the Airport to the City of Pacifica to acquire these noise easements, will be deducted from future Airport payments due to the City of Pacifica for the acquisition of other previously authorized noise easements.

8. Neither Ms. Osaki nor Mr. Steve Hoppe of the Real Estate Division could provide the specific reasons why the five subject property owners want to withdraw from the Noise Insulation Program. Ms. Osaki explains that the Airport does not ask property owners why they want to withdraw. She further explains that the Noise Insulation Program contract between the Airport and property owners simply requires that property owners notify the City, prior to commencement of the insulation work, if they wish to withdraw. Attachment II is a memo from Mr. Hoppe citing common reasons why property owners choose to withdraw. Similar withdrawals have been approved previously by the Board of Supervisors.

9. Attachment III is a memo from the Real Estate Division that recommends that the Board of Supervisors approve the subject quitclaim deeds. It notes that the Airport Commission has also recommended that such quitclaim deeds be approved for the five single-family residence owners who wish to withdraw from the Noise Insulation Program.

**Recommendations:**

1. In accordance with Comment No. 3, delete lines 13 and 14 to eliminate the FURTHER RESOLVED clause which states "That the total cost to acquire said easements shall not exceed \$6.8 million."
2. Approve the proposed resolution, as amended.

BOARD OF SUPERVISORS  
BUDGET ANALYST

City and County of San Francisco



Real Estate Division  
Administrative Services Department

March 20, 2001

ATTACHMENT I  
Page 1 of 2

Airport Commission  
Acquisition of Noise  
Easements  
South San Francisco Unified  
School District

File 010363

Through Ryan Brooks, Director  
Administrative Services Department

Honorable Board of Supervisors  
City and County of San Francisco  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Board Members:

We recommend approval of the attached proposed Resolution authorizing the acquisition of six noise easements for schools owned by the South San Francisco Unified School District (the "District").

State law prohibits the operation of an airport with a noise impact area based on certain noise standards unless it has eliminated incompatible land uses or obtained a variance from the State Department of Transportation. San Francisco International Airport has operated under a variance to this regulation and is working to eliminate incompatible land uses in the noise impact area. Incompatible land uses include residences, schools, hospitals and convalescent homes, and churches unless the interior noise level due to aircraft noise is at or below the noise standards.

A funding agreement approved by the Airport Commission (attached to the Resolution) with the District provides up to a total of \$10.5 million for advance funding to insulate five schools and two associated high school buildings in South San Francisco in return for Grants of Easement to permit noise, vibration, and etcetera within the buildings. The insulation costs, estimate at \$3.7 million, for three of these properties are eligible for reimbursement by FAA grant funds. The maximum anticipated cost to the Airport for all of the properties is estimated to be \$6.8 million.

ATTACHMENT I

Honorable Board of Supervisors  
March 20, 2001  
Page 2

Page 2 of 2

If you have any questions regarding this resolution, please call Steve Hoppe in our office at 554.9870.

Sincerely,



Anthony J. DeLucchi  
Director of Property

Enclosure

cc: John Martin, Airport  
Sally Osaki, Airport

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City and County of San Francisco



Real Estate Division  
Administrative Services Department

ATTACHMENT II

Page 1 of 1

April 20, 2001

TO: Harvey Rose  
Budget Analyst

FROM: Harry J. Quimm *HJQ*  
Assistant Director of Property

SUBJECT: Resolution authorizing conveyance of five quitclaim deeds to property owners in Pacifica to rescind grants of noise easements previously acquired.

The following is a summary of the most common reasons, based on our understanding that property owners have given for wanting to withdraw from the noise insulation program:

1. Owners want to sell the non-insulated home and not commit a potential buyer to the rights that are granted to the Airport under the easement;
2. Owners want to withdraw from the program because some aspect of the planned insulation fails to meet their perceived expectations; and
3. Owners do not want to pay for additional structural repairs that are not covered under the MOU programs, i.e., dry wood rot damage to be corrected before installation of acoustical windows and doors.

Should you have any questions regarding this matter, please call Steve Hoppe at 554-9870.

I/sh/NscEstmtResc.sp2

(415) 554-9850  
FAX: (415) 552-9216

Office of the Director of Property  
25 Van Ness Avenue, Suite 400

San Francisco, CA 94102

City and County of San Francisco

Real Estate Division  
Administrative Services Department



March 20, 2001

ATTACHMENT III

Page 1 of 2

Airport Commission  
Quitclaim of Noise Easements  
Pacifica

File 010652

Through Ryan Brooks, Director  
Administrative Services Department

Honorable Board of Supervisors  
City and County of San Francisco  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

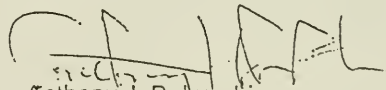
Dear Board Members:

We recommend approval of the attached proposed Resolution authorizing the quitclaim of noise easements for five residential properties in Pacifica.

The owners of the five properties listed in Attachment A have decided not to participate in the Airport's Master Plan Mitigation Program after having executed deeds granting the City easements for aircraft noise. The Airport will be reimbursed by the City of Pacifica for funds advanced for noise insulation of these residences. The Airport Commission has, by its Resolution No. 01-0067 (attached), recommended the Board of Supervisors approve the quitclaim of these five Grants of Easements.

If you have any questions regarding this resolution, please call Steve Hoppe in our office at 554.9870.

Sincerely,

  
Anthony J. DeLucchi  
Director of Property

Enclosure

cc: John Martin, Airport  
Sally Osaki, Airport

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(415) 554-9850

AX: (415) 552-9216

Office of the Director of Property 70  
25 Van Ness Avenue, Suite 400

San Francisco, 94102

Quitclaim List  
Fiscal Year 2000/2001

Pacifica Addresses Requiring Quitclaim Approval

479 Andover Drive  
58 Eastridge Circle  
83 Gateway Drive  
491 Imperial Drive  
663 Imperial Drive

Owner's Last Name:

Harshmann  
Wong  
Wong  
Perkins-Martin  
Dowler

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting  
Item 11 - File 01-0660

**Department:** Administrative Services Department, Real Estate  
Division (RED)  
Department of Public Health (DPH)

**Item:** Resolution authorizing extension, on a month-to-month basis, not to exceed twelve months, of nine existing leases of real property leased by the Department of Public Health.

**Description:** Each of the nine proposed DPH leases is summarized below:

(1) **Location:** 298 Monterey Boulevard (entire building)

**Purpose of Lease:** The subject property is the site of Mission Team II, a DPH Outpatient Mental Health Clinic. DPH has leased the subject property since 1974.

**Lessor:** John William Powell and Sylvia Campbell Powell

**No. of Sq. Ft. and  
Cost Per Month:** 4,025 square feet at \$4,265 per month, or approximately \$1.06 per square foot per month

**Annual Cost:** \$51,180

**Percentage Increase  
Over FY 2000-2001:** None

**Utilities and  
Janitorial Services:** The Landlord would pay for janitorial services. The RED estimates that gas, electricity, water, and scavenger service would cost the City approximately \$805 per month, or approximately \$0.20 per square foot per month.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:** None

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

Source of Funds: 68 percent State and Federal, 32 percent General Fund

(2) Location: 3901-3905 Mission Street (portion of the ground floor)

Purpose of Lease: The subject property is the site of Southeast Mission Geriatric Services, a DPH Outpatient Mental Health Clinic. DPH has leased the subject property since 1983. Part of the clinic is located at 3911 Mission Street (see Lease No. 3 below).

Lessor: Giovacchino and Armando Diodati

No. of Sq. Ft. and Cost Per Month: 2,570 square feet at \$3,084 per month, or approximately \$1.20 per square foot per month

Annual Cost: \$37,008

Percentage Increase Over FY 2000-2001: None

Utilities and Janitorial Services: The Landlord would pay for all utilities and janitorial services.

Term of Lease: Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months).

Right of Renewal: None

Source of Funds: 68 percent State and Federal, 32 percent General Fund

(3) Location: 3911 Mission Street (portion of the ground floor)

Purpose of Lease: The subject property is the site of Southeast Mission Geriatric Services, a DPH Outpatient Mental Health Clinic. DPH has leased the subject property since 1983. Part of this clinic is located at 3901-3905 Mission Street (see Lease No. 2 above).

Lessor: Giovacchino and Armando Diodati

BOARD OF SUPERVISORS  
BUDGET ANALYST

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

**No. of Sq. Ft. and  
Cost Per Month:** 1,500 square feet at \$1,800 per month, or  
approximately \$1.20 per square foot per month

**Annual Cost:** \$21,600

**Percentage Increase  
Over FY 2000-2001:** None

**Utilities and  
Janitorial Services:** The Landlord would pay for all utilities and  
janitorial services.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not  
to exceed 12 months)

**Right of Renewal:** None

**Source of Funds:** 68 percent State and Federal, 32 percent General  
Fund

(4) **Location:** 111 Potrero Avenue (ground floor)

**Purpose of Lease:** The subject property is the site of Mission  
Integrated Service Center, a DPH Adult Outpatient  
Mental Health Clinic. DPH has leased the subject  
property since 1987.

**Lessor:** 111 Potrero Partnership

**No. of Sq. Ft. and  
Cost Per Month:** 6,000 square feet at \$15,000 per month, or \$2.50  
per square foot per month, for the first four months.  
Effective November 1, 2001, the monthly rate will  
increase to \$17,000 per month, or approximately  
\$2.83 per square foot per month.

**Annual Cost:** \$196,000 (\$60,000 for four months at \$15,000 and  
\$136,000 for eight months at \$17,000)

**Percentage Increase  
Over FY 2000-2001:** The proposed \$15,000 rate for July 1, 2001 through  
October 31, 2001 is the same as the FY 2000-2001  
rate. The proposed \$17,000 to be paid from



Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

November 1, 2001 through June 30, 2002 represents a 13.3 percent increase over the \$15,000 rate. Over the 12-month period, DPH would pay approximately 8.9 percent more than the FY 2000-2001 rate (\$196,000 compared with the FY 2000-2001 amount of \$180,000)

**Utilities and**

**Janitorial Services:**

The Landlord would pay for base year (1993) janitorial costs. The City would pay for utilities and subsequent increases in janitorial costs over the base year. The RED estimates that gas, electricity, water, scavenger service, and increases in janitorial costs over the base year would cost the City approximately \$1,320 per month, or approximately \$0.22 per square foot per month.

**Term of Lease:**

Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:**

None

**Source of Funds:**

68 percent State and Federal, 32 percent General Fund

(5) **Location:**

10-20 Twenty-Ninth Street (entire building)

**Purpose of Lease:**

The subject property is the site of the Southeast Children's Family Therapy Center, a DPH Children's Outpatient Mental Health Clinic. DPH has leased the subject property since 1972.

**Lessor:**

George, Lois, and Lawrence Maisels

**No. of Sq. Ft. and  
Cost Per Month:**

2,400 square feet at \$1,500 per month, or approximately \$0.63 per square foot per month

**Annual Cost:**

\$18,000

**Percentage Increase  
Over FY 2000-2001:**

None

**Utilities and**

**Janitorial Services:** The City would pay for both janitorial services and utilities. The RED estimates the monthly cost for gas, electricity, water, scavenger, and janitorial service would be approximately \$720, or approximately \$0.30 per square foot per month.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:** None

**Source of Funds:** 68 percent State and Federal, 32 percent General Fund

(6) **Location:** 755-61 South Van Ness Avenue (ground floor)

**Purpose of Lease:** The subject property is the site of the Mission Assertive Community Treatment Program, a DPH Adult Outpatient Mental Health Clinic. DPH has leased the subject property since 1973.

**Lessor:** AIM TWO

**No. of Sq. Ft. and  
Cost Per Month:** 7,101 square feet at \$12,500 per month, or approximately \$1.76 per square foot per month

**Annual Cost:** \$150,000

**Percentage Increase  
Over FY 2000-2001:** The City currently pays \$8,591 per month, or approximately \$1.21 per square foot per month, for a total annual rent of \$103,092. The proposed annual rent of \$150,000 is a 45.5 percent increase (see Comment No. 3).

**Utilities and**

**Janitorial Services:** The City would pay for both janitorial services and utilities. The RED estimates the monthly cost for gas, electricity, water, and scavenger service would be approximately \$2,130, or approximately \$0.30 per square foot per month.

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:** None

**Source of Funds:** 68 percent State and Federal, 32 percent General Fund

(7) **Location:** 759 South Van Ness Avenue (entire second floor of the same building as 755-761 listed above as Lease #6)

**Purpose of Lease:** The subject property is the site of the Mission Family Center, a DPH Children's Outpatient Mental Health Clinic. DPH has leased the subject property since 1988.

**Lessor:** AIM TWO

**No. of Sq. Ft. and Cost Per Month:** 6,445 square feet at \$14,500 per month, or approximately \$2.25 per square foot per month

**Annual Cost:** \$174,000

**Percentage Increase Over FY 2000-2001:** The City currently pays \$9,961 per month, or approximately \$1.55 per square foot per month, for a total annual rent of \$119,532. The proposed annual rent of \$174,000 is a 45.6 percent increase (see Comment No. 3).

**Utilities and Janitorial Services:** The Landlord would pay for janitorial service. The RED estimates the monthly cost for gas, electricity, water, and scavenger service would be approximately \$1,289 per month, or approximately \$0.20 per square foot per month.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:** None

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

**Source of Funds:** 68 percent State and Federal, 32 percent General Fund

(8) **Location:** 1540 Market Street (Suite 250)

**Purpose of Lease:** The subject property is the site of the DPH Wedge Program, a tobacco cessation program. DPH has leased the subject property since 1996.

**Lessor:** 1540 Market Company

**No. of Sq. Ft. and Cost Per Month:** 2,121 square feet at \$2,297.75, or approximately \$1.08 per square foot per month

**Annual Cost:** \$27,573

**Percentage Increase Over FY 2000-2001:** None

**Utilities and Janitorial Services:** Landlord would pay for utilities and janitorial services.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not to exceed 12 months)

**Right of Renewal:** None

**Source of Funds:** Approximately 40 percent Proposition 99 and Proposition A tobacco grant funds and 60 percent from General Fund

(9) **Location:** 1540 Market Street (Suite 260)

**Purpose of Lease:** The subject property is the site of the DPH Tobacco Program, a tobacco cessation program. DPH has leased the subject property since 1995.

**Lessor:** 1540 Market Company

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

**No. of Sq. Ft. and  
Cost Per Month:** 1,296 square feet at \$1,404 per month, or  
approximately \$1.08 per square foot per month

**Annual Cost:** \$16,848

**Percentage Increase  
Over FY 2000-2001:** None

**Utilities and  
Janitorial Services:** Landlord would be pay for utilities and janitorial  
services.

**Term of Lease:** Begins July 1, 2001 on a month-to-month basis (not  
to exceed 12 months)

**Right of Renewal:** None

**Source of Funds:** Approximately 40 percent from Proposition 99 and  
Proposition A tobacco grant funds and 60 percent  
General Fund

**Comments:** 1. Ms. Judy Schutzman of DPH informs that the subject  
nine leases have been leased by the City on a month-to-  
month basis, for the last two to 11 years, as shown below:

Lease #1- 298 Monterey Blvd.- 7 years  
Lease #2- 3901-3905 Mission Street- 6 years  
Lease #3- 3911 Mission Street- 6 years  
Lease # 4- 111 Potrero Avenue- 4 years  
Lease # 5- 10-20 Twenty-Ninth Street- 6 years  
Lease #6- 755-61 South Van Ness- 11 years  
Lease #7- 759 South Van Ness- 2 years  
Leases #8 and #9- 1540 Market Street- 4 years

According to Ms. Schutzman, such leases have been  
maintained on a month-to-month basis due to anticipated  
consolidations or relocations of the subject DPH clinics.  
DPH is again requesting extension of the leases on a  
month-to-month basis primarily for this reason, as  
explained in Attachment I, provided by the RED.

2. Mr. Anthony DeLucchi of the RED, advises that the  
rental rates for all of the subject leases are at or below

BOARD OF SUPERVISORS  
BUDGET ANALYST

fair market value and therefore, because of the anticipated consolidations and relocations, he recommends that the subject properties should continue to be leased on a month-to-month basis. He notes that the RED has been close to completing negotiations for consolidations and relocations to obtain long-term leases in the past, but that none of those negotiations have ever finalized. Mr. DeLucchi advises that such negotiations take significant time to complete and sometimes do not materialize. As a result, he explains, such leases have remained on a month-to-month lease basis for two to 11 years. He further explains that the RED anticipates that one such consolidation at a facility located at the 2712 Mission Street will be completed in the near future.

3. Attachment II, provided by Mr. Julian Sutherland of the RED, explains the rationale for the proposed rent increases for 755-61 South Van Ness Avenue (Lease #6 above), 759 South Van Ness Avenue (Lease #7 above), and 111 Potrero Avenue (Lease #4 above). The Budget Analyst notes that the significant rent increases of 45.5 and 45.6 percent, respectively, for 755-61 South Van Ness and 759 South Van Ness are described in Attachment II as having been "negotiated in the 4<sup>th</sup> quarter of 2000, when vacancy rates were very low and the demand for office space was high. Vacancy and rental rates in the area of the property, west of highway 101 have changed little since then." Despite this assertion by the Real Estate Division, the Budget Analyst believes these two leases may not reflect current rental market conditions, as vacancy rates are now higher and demand has decreased.

4. The proposed resolution authorizes the "extension and renewal" of the subject leases. Mr. Sutherland advises that all of the subject leases are extensions of existing leases. Therefore, the Budget Analyst recommends deleting the references to "renewal."

5. Attachment III shows the proposed annual rent increases (when applicable) in FY 2001-2002, as well as the increases over the four prior fiscal years.

6. According to Ms. Schutzman, funding for the nine proposed lease extensions will be included in the FY 2001-2002 DPH budget request.

BOARD OF SUPERVISORS  
BUDGET ANALYST



- Recommendations:**
1. In accordance with Comment No. 4, amend the proposed resolution to delete the references to "renewal" as follows:
    - (a) on page 1, line 3 in the title, delete "and renewal" so that the phrase reads "Resolution authorizing extension, on a month-to-month basis..."
    - (b) on page 1, line 10, delete "renewal and" so that the phrase reads "certain extensions of certain existing leases..."
  2. In accordance with Comment No. 3 above, approval of the proposed leases for 755-61 South Van Ness (Lease # 6) and 759 South Van Ness (Lease # 7) is a policy matter for the Board of Supervisors because of the respective 45.5 and 45.6 percent proposed rent increases.
  3. Approval of all nine of the proposed leases, as amended, is a policy matter for the Board of Supervisors because the subject leases have been renewed annually, on a month-to-month basis, for periods ranging from the last two to 11 years. However, the Board of Supervisors should consider the reasons presented by Mr. DeLucchi in Comment No. 2 for continuing these leases on a month-to-month basis.



April 9, 2001

ATTACHMENT I

Page 1 of 4

DEPARTMENT OF PUBLIC HEALTH  
Authorizing Extension and  
Renewal of Leases

Through Ryan Brooks  
Director, Administrative Services

Honorable Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Board Members:

We recommend your approval of the attached proposed Resolution authorizing the extension and renewal of certain existing leases of real property on behalf of City, as Lessee.

ITEM 1. City has leased the entire real property at 298 Monterey Boulevard since 1974 for use as an Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$4,265.00, no increase over the previous year. Based on the approximate area of 4,025 square feet, the rental rate represents \$1.06 per square foot per month. Janitorial service is included in the rent. City is responsible for gas, electricity, water, and scavenger at an estimated monthly cost of \$0.20 per square foot.

ITEM 2. City has leased portions of the ground floor of the building at 3901-3905 Mission Street since 1983 for use as an Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$3,084.00, the same as the previous year. Based on the approximate area of 2,570 square feet, the rental rate represents \$1.20 per square foot per month. Landlord is responsible for gas, electricity, water, janitorial and scavenger service.

ITEM 3. City has leased portions of the ground floor of the building at 3911 Mission Street since 1984 for use as an Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$1,800.00, the same as the previous year. Based on the approximate area of 1,500 square feet, the rental rate represents \$1.20 per square foot per month. Landlord is responsible for gas, electricity, water, janitorial and scavenger service.

ITEM 4. City has leased the ground floor at 111 Potrero Avenue since 1987 for use as an Adult Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$15,000.00 per month, no increase over the previous rate. Based on the

approximate area of 6,000 square feet, the rental rate represents \$2.50 per square foot per month. Effective November 1, 2001, the rate will increase to \$17,000.00 per month. Owner pays for base year janitorial service. City is responsible for maintenance, gas, electricity, water, scavenger and increases in janitorial costs over the base year service, at an estimated monthly cost of \$0.22 per square foot.

At the request of the Department of Public Health, the Real Estate Division has entered an agreement in principle for a long term lease of the building at 2712 Mission Street. Completion of that transaction would allow the consolidation of the clinics now located at 3901-3911 Mission Street (Items 2 & 3), 111 Potrero Avenue (Item 4), and 755-61 South Van Ness Avenue (Item 6) into a single location. Separate legislation will be submitted for authority to enter into a lease at 2712 Mission Street if the lease terms and leasehold improvements to be constructed by landlord at its cost are finalized. It is currently projected that the City could occupy 2712 Mission Street in the fourth quarter of calendar year 2001, depending on Planning Department approval, legislative approval, the time required to complete interior design, and the construction schedule for leasehold improvements.

ITEM 5. City has leased all or part of the building at 10-20 Twenty-ninth Street since approximately 1972 for use as a Children's Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$1,500.00, the same as the previous year. Based on the approximate area of 2,400 square feet, the rental rate represents \$0.62 per square foot per month. City is responsible for gas, electricity, water, scavenger, and janitorial service at an estimated monthly cost of \$0.30 per square foot.

In June 2000, the City leased a building at 4527 Mission Street for the Department of Public Health (DPH) so that it could better serve a portion (approximately half) of the clients that were previously seen at the clinic at 10-20 29th Street. At the request of DPH, the Real Estate Division has entered negotiations to lease a location at 100 Blanken Way to relocate the staff that continue to provide services at 10-20 Twenty-ninth Street. Separate legislation will be submitted seeking authority to enter into a lease at 100 Blanken Way. It is anticipated that the improvements to the premises at the new location will be completed by August of 2001, depending on the timing of the City's legislative process and the landlord's construction schedule. If the Blanken Way transaction is completed, the Twenty-ninth Street agreement will be terminated.

ITEM 6. City has leased the entire ground floor at 755-61 South Van Ness Avenue since 1973 for use as an Adult Mental Health Outpatient Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$12,500.00, a 46% increase over the previous year. The percentage increase is a reflection of both the escalation in the rental market since the last renewal, and the degree to which the prior rental rate was below market. Based on the approximate area of 7,101 square feet, the rental rate represents \$1.76 per square foot per month. Janitorial service is included in the rent. City is responsible for gas, electricity, water, scavenger, and janitorial service at an estimated monthly cost of \$0.30 per square foot.

ITEM 7. City has leased the entire second floor at 759 South Van Ness Avenue since 1988 for use as a Children's Outpatient Mental Health Clinic. The proposed month-to-month rental rate commencing July 1, 2001 is \$14,500.00, a 46% increase over the previous year. The percentage increase is a reflection of both the escalation in the rental market since the last renewal, and the degree to which the prior rental rate was below market. Based on the approximate area of 6,445 square feet, the rental rate represents \$2.25 per square foot per month. City is responsible for gas, electricity, water, and scavenger service at an estimated monthly cost of \$0.20 per square foot.

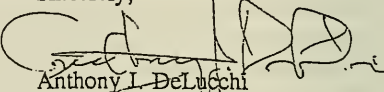
The landlord at 755-61 and 765 South Van Ness Avenue has agreed to complete, at its cost, a major renovation of the ground floor premises for City, subject to completion of plans and specifications, construction cost bids, and negotiation of the final terms of a long term lease. The Real Estate Division is working closely with the landlord to complete the design process so that the plans can be bid for construction. This location provides an alternative to 2712 Mission Street to accommodate a consolidation of the clinic that currently occupies the ground floor (Item 6) with the clinic now located at 111 Potrero Avenue (Item 4). The new long term lease would also require minor improvements to the second floor of the building (Item 7), and consolidate the separate leases for the first and second floors into a single agreement. It is unlikely that the negotiations, construction and consolidation can be completed until near the end of calendar year 2001. If the 2712 Mission Street transaction is completed, the Department of Public Health has identified other units that could use 755-61 South Van Ness Avenue. It is anticipated that separate legislation for both transactions will be proposed at a later date.

In April 2001, the City leased a portion of the building at 30 Van Ness Avenue (suite 2300) for the Department of Public Health (Resolution No. 54-01). The DPH Wedge and DPH Tobacco Programs, currently located at 1540 Market Street (Items 8 & 9 below), will occupy the 30 Van Ness Avenue premises. It is anticipated that the construction of tenant improvements at the new location will be complete in mid-July 2001. When the Wedge and Tobacco units move, it is expected that the agreements at 1540 Market Street will be terminated.

ITEM 8. City has leased Suite 250 at 1540 Market Street since approximately 1996 for use of the DPH Wedge Program. The proposed month-to-month rental rate commencing July 1, 2001 is \$2,297.75, the same as the previous rate. Based on the approximate area of 2,121 square feet, the rental rate represents \$1.08 per square foot per month. Landlord is responsible for gas, electricity, water, janitorial and scavenger service.

ITEM 9. City has leased Suite 260 at 1540 Market Street since approximately 1995 for use of the DPH Tobacco Program. The proposed month-to-month rental rate commencing July 1, 2001 is \$1,404.00, the same as the previous rate. Based on the approximate area of 1,296 square feet, the rental rate represents \$1.08 per square foot per month. Landlord is responsible for gas, electricity, water, janitorial and scavenger service.

Sincerely,

  
Anthony L. DeLucchi  
Director of Property

Attachment

cc: Mitch Katz, M.D.  
Monique Zmuda  
Larry Doyle  
Judy Schutzman



ATTACHMENT II

## MEMORANDUM

Page 1 of 2

April 26, 2001

**TO:** Harvey Rose  
Budget Analyst

**FROM:** Julian Sutherland *[Signature]*  
Senior Administrative Analyst  
554-9866

**SUBJECT:** Public Health Lease Renewals  
Fiscal Year 2001/2002

The following explanations are provided in response to your questions regarding various Public Health lease renewals.

**111 Potrero Avenue (Item #4)**

The rent is unchanged at \$15,000.00 per month. The landlord's expectation is that the extension is intended to be for a short term. The increase in rent to \$17,000 on November 1 2001 is the landlord's incentive to the City to move out as planned in the relocation to 2712 Mission Street. At \$15,000 per month the \$2.50 per square foot rate negotiated with the landlord is market rate rent.

**755-61 South Van Ness Avenue (Item #6)**

The increase in rent from \$8,591.00 to \$12,500 per month represents an increase of approximately 46% over the prior year. This lease was negotiated in the 4<sup>th</sup> quarter of 2000 when vacancy rates were very low and the demand for office space was high. Vacancy and rental rates in the area of the property, west of highway 101 have changed little since then. The City is in the process of negotiating a long term, market rate lease for the entire building, which would include a major renovation of the premises.

**759 South Van Ness Avenue (Item #7)**

The increase in rent from \$9,961.00 to \$14,500 per month represents an increase of approximately 46% over the prior year. As noted above, the market had changed dramatically. The market rate rent negotiated with the landlord for fiscal year 2001/2002 has matched the change in the market and we don't believe the current market to be significantly different. As



noted, the intent is to negotiate a long term, market rate lease for the entire building, which would include a major renovation of the premises.

At the request of the Department of Public Health, the Real Estate Division is currently negotiating the terms of a new long-term lease for the entire building at 755-761 and 759 South Van Ness Avenue. The clinic currently located at 111 Potrero Avenue would be consolidated at 2712 Mission Street, with that now at 755-61 South Van Ness (ground floor), and the clinic currently located at 759 South Van Ness (second floor) would remain at that location. In the mean time, we believe that it is prudent to maintain month-to-month agreements in order to maximize the City's ability to react in the current market.

All of the rents proposed for the 2001/2002 fiscal year are at or below fair market value. If there are other questions regarding the proposed renewals, please call me at 554-9866.

## History of Annual Rent Increases for Subject Properties

|         | FY 1997-1998 |  | FY 1998-1999 |  | FY 1999-2000 |  | FY 2000-2001 |  | Proposed FY 2001-2002 |  |
|---------|--------------|--|--------------|--|--------------|--|--------------|--|-----------------------|--|
| Lease # | Annual Rent  | Approximate % Increase Over FY 1996-1997 | Annual Rent  | Approximate % Increase Over FY 1997-1998 | Annual Rent  | Approximate % Increase Over FY 1998-1999 | Annual Rent  | Approximate % Increase Over FY 1999-2000 | Proposed Annual Rent  | Approximate % Increase Over FY 2000-2001 |
| 1       | \$34,200     | 24%                                      | \$34,200     | 0%                                       | \$39,000     | 14%                                      | \$51,180     | 31%                                      | \$51,180              | 0%                                       |
| 2       | 37,008       | 0%                                       | 37,008       | 0%                                       | 37,008       | 0%                                       | 37,008       | 0%                                       | 37,008                | 0%                                       |
| 3       | 21,600       | 0%                                       | 21,600       | 0%                                       | 21,600       | 0%                                       | 21,600       | 0%                                       | 21,600                | 0%                                       |
| 4       | 67,224       | 0%                                       | 96,000       | 43%                                      | 139,500      | 45%                                      | 180,000      | 29%                                      | 196,000               | 9%                                       |
| 5       | 216,000      | 0%                                       | 216,000      | 0%                                       | 216,000      | 0%                                       | 216,000      | 0%                                       | 216,000               | 0%                                       |
| 6       | 68,268       | 0%                                       | 85,200       | 25%                                      | 93,720       | 10%                                      | 103,092      | 10%                                      | 150,000               | 46%                                      |
| 7       | 73,596       | 5%                                       | 96,675       | 31%                                      | 108,660      | 12%                                      | 119,532      | 10%                                      | 174,000               | 46%                                      |
| 8       | 27,573       | 0%                                       | 27,573       | 0%                                       | 27,573       | 0%                                       | 27,573       | 0%                                       | 27,573                | 0%                                       |
| 9       | 16,848       | 0%                                       | 16,848       | 0%                                       | 16,848       | 0%                                       | 16,848       | 0%                                       | 16,848                | 0%                                       |
| Total   | \$562,317    | 2%                                       | \$631,104    | 12%                                      | \$699,909    | 11%                                      | \$772,833    | 10%                                      | \$890,209             | 15%                                      |

## Lease #

- 1- 298 Monterey Blvd. (entire building)
- 2- 3901-3905 Mission Street (portion of ground floor)
- 3- 3911 Mission Street (portion of ground floor)
- 4- 111 Portero Avenue (ground floor)
- 5-10-20 Twenty-ninth Street (entire building)
- 6- 755-61 South Van Ness (ground floor)
- 7- 759 South Van Ness (entire second floor)



Item 12 - File 01-0654

**Departments:** Public Utilities Commission (PUC)

**Item:** Resolution authorizing a 10-year lease of Public Utilities Commission land between the City and County of San Francisco and S.J. Amoroso Properties, in Santa Clara County.

**Location:** A portion of Parcel 244, Bay Division Pipelines 3 and 4 right of way, in the City of Palo Alto, Santa Clara County

**Purpose of Lease:** The subject property would be utilized by S.J. Amoroso Properties as a paved parking lot for overflow tenant parking for an adjacent apartment complex owned by S.J. Amoroso Properties.

**Lessor:** City and County of San Francisco through the Public Utilities Commission (PUC)

**Lessee:** S.J. Amoroso Properties

**No. of Square Feet and Cost Per Month:** Approximately 21,344 square feet, of which 5,600 square feet (approximately 26 percent of the total square footage) would be charged at a rental rate of \$1,008 per month (\$12,096 annually), which is approximately \$0.18 per square foot per month or approximately \$2.16 per square foot annually. Comment No. 1 explains why only 26 percent of the subject property is chargeable.

**Annual rent Payable by S.J. Amoroso to the City:** \$12,096 annually. This annual rent would be adjusted 12 months after the commencement date of the lease, and then readjusted every 12 months thereafter, by the annual percentage increase in the Consumer Price Index (CPI). In addition to the annual CPI rent adjustment, the base rent would be adjusted to equal the prevailing fair market rental rate of such property after five years. The fair market value adjustment after five years would be determined by the PUC's Bureau of Commercial Land Management, using a market comparison approach, in consultation with the Department of Real Estate. The

adjustment would take into account: (a) land values in the general vicinity of Palo Alto, (b) the location and size of the premises covered by leases of comparable space, and (c) the duration of the comparable leases. S.J. Amoroso Properties would have the opportunity to dispute the prevailing market rate determined by the PUC, as provided for in the proposed lease. If an agreement between the PUC and S.J. Amoroso Properties on the prevailing market rate cannot be reached, then unresolved disputes between the two parties would be resolved by hiring an independent appraiser. The annual base rent on or after the adjustment date cannot be less than the annual base rent in effect immediately prior to the adjustment date.

**Term of Lease:** The proposed lease would commence upon approval by the Board of Supervisors and would expire 10 years thereafter (approximately June of 2011).

**Right of Renewal:** None.

**Description:** The subject resolution would authorize a 10-year lease of approximately 21,344 square feet of City-owned land located in the City of Palo Alto, Santa Clara County, which is under the jurisdiction of the PUC, to S.J. Amoroso Properties. The Bay Division Pipelines 3 and 4, which run under this land, transport and distribute water for the San Francisco Water Department. Under the proposed lease, the PUC would retain all rights to operate, maintain, repair and/or reconstruct those pipelines.

Of the 21,344 square feet of PUC land which would be leased to S.J. Amoroso Properties, 5,600 square feet would be used for a paved parking lot (see Comment No. 1). The remaining 15,744 square feet of PUC land would be used for (1) landscaping by S.J. Amoroso Properties, and (2) existing PUC facilities for maintenance of the pipeline. The paved parking lot would be used for overflow tenant parking for an adjacent apartment complex owned by S.J. Amoroso Properties.

**Comments:** 1. According to Ms. Cindy Lee of the PUC, when the PUC originally purchased its pipeline property from various

landowners, the sellers reserved rights within their deeds to cross over and farm on their former properties. Therefore, the resulting grant deeds contain provisions which reserve cross-over and agricultural rights for the owners of the adjacent properties. As the current owner of an adjacent property, S.J. Amoroso Properties retains those cross-over and agricultural rights. In light of such grant deeds, the PUC has a policy to not charge the owners of adjacent properties for any uses of a cross-over purpose (such as a driveway) or an agricultural purpose, including landscaping. Mr. Charles Sullivan of the City Attorney's Office confirmed that the PUC's policy is consistent with the language of the existing grant deeds. Of the subject parcel's approximately 21,344 square feet, approximately 15,744 square feet (approximately 74 percent) would be utilized for landscaping or driveway purposes, or is currently occupied by a PUC pipeline facility. In keeping with the PUC's policy, such uses would not be chargeable. The remaining 5,600 square feet (approximately 26 percent) would be utilized as a paved parking lot and would be chargeable as this use is not related to either agricultural or cross-over rights.

2. The 15,744 square feet which are not chargeable (the total 21,344 square foot subject property less the 5,600 square feet which are considered chargeable) result in a rental reduction of approximately \$34,007 annually at the rental rate of approximately \$2.16 per square foot annually. However, as previously noted, the PUC has a policy not to charge for property which is used for cross-over or agricultural purposes, or for land that is occupied by a PUC facility. The PUC's policy, according to Mr. Sullivan, is consistent with the language of the grant deeds that apply to such properties.

3. Ms. Lee states that a valuation of current market rental rates in the subject property was performed by the PUC's Bureau of Commercial Land Management and that the proposed lease rate of \$0.18 per square foot per month was determined to be the fair market value. According to Ms. Lee, the fair market rental rate valuation was based on (a) an analysis of recent sales of comparable properties in the Palo Alto area, (b) comparable PUC leases in the South Bay, and (c) property sales information derived



from the real estate information service, Metroscan. Ms. Lee states that Metroscan is a real estate information service used by realtors and real estate appraisers which provides a monthly update of property sales and rental rates by geographical area.

4. According to Ms. Lee, the subject property is situated between the proposed Lessee's property, which includes an apartment complex, and a row of redwood trees and residential yards, and has no use to any other adjacent property owner. As the subject property is only 80 feet wide and cannot have structures built on it, it is suitable only for vehicle parking lots, gardens and recreational spaces for adjacent businesses.

**Recommendation:** Approve the proposed resolution.

Item 13 - File 01-0669

**Department:** Administrative Services, Real Estate Division  
Mayor's Office of Public Finance

**Item:** Resolution authorizing (a) the execution and delivery of the Agreement of Purchase and Sale for Real Estate (the "Original Agreement"), as amended by a First Amendment to Agreement of Purchase and Sale for Real Estate (the "First Amendment" and together with Original Agreement, the "Purchase Agreement"), between the City and County of San Francisco (the "City"), as buyer, and the Herbst Foundation, Inc. (the "Seller"), as seller (including certain indemnities contained therein), for the purchase by the City of real property and improvements thereon consisting of an existing five-story office building located at 30 Van Ness Avenue, San Francisco (collectively, the "Property"); (b) approving the forms of one office lease between the City, as landlord, and the Seller, as tenant (the "Herbst Lease") and another office lease between the City, as landlord, and Merriman Brothers, as tenant (the "Merriman Lease", and collectively, the "Office Leases"); (c) approving the execution and delivery of Certificates of Participation (COPs) to finance the acquisition of and improvements to the Property; (d) approving the form of the Project Lease between the City and a Trustee (including certain indemnities contained therein); (e) authorizing the selection of a Trustee; (f) approving the form of the Trust Agreement between the City and a Trustee (including certain indemnities contained therein); (g) approving the form of the Official Notice of Sale and Notice of Intention to Sell for the Series 2001A Certificates of Participation and Taxable Series 2001 B Certificates of Participation (as defined herein); (h) approving the form of the Official Statement in preliminary and final form; (i) approving the form of a Continuing Disclosure Certificate; (j) authorizing the filing of a validation action validating the execution and delivery of the Certificates of Participation (COPs); (k) authorizing the reimbursement of certain expenditures; (l) authorizing the payment of costs of issuance of the Certificates of Participation; (m) adopting findings under the Environmental Quality Act and findings pursuant to the City Planning Code Section

101.1; and (n) ratifying previous actions taken in connection therewith.

**Description:**

Approval of the proposed resolution would authorize:

- (a) The purchase by the City in an amount not to exceed \$32,600,000 of an existing five-story building at 30 Van Ness Avenue, consisting of a total of 180,939 square feet, to be used for City office space and to enter into lease agreements with two proposed tenants, the Herbst Foundation and the Merriman Brothers, for use of 1,587 square feet of the subject property as office space; and
- (b) The sale of Certificates of Participation to finance the purchase of the subject property.

**Purchase Agreement**

*Location:*

30 Van Ness Avenue, a five-story office building, consisting of 38,123 square feet of land and 180,939 square feet of building space.

*Seller:*

Herbst Foundation, Inc., a California nonprofit corporation

*Buyer:*

City and County of San Francisco

*Purchase Price:*

\$32,600,000 (see Comment 1)

*Source of Funds:*

Certificates of Participation in an amount not to exceed \$37,830,000 in aggregate principal amount, including \$35,950,000 Tax-Exempt Series 2001A and \$1,880,000 Taxable Series 2001B (see below).

The Real Estate Division proposes to purchase the subject property for use as office space for City departments. The subject property consists of a total of 180,939 square feet of building space, of which 8 City departments currently occupy 164,161 square feet of office space, 4 commercial tenants occupy 15,191 square feet of office and retail space, and two proposed tenants, Herbst Foundation and Merriman Brothers, would occupy 1,587 square feet of office space. Currently, the 8 City departments occupying

164,161 square feet of office space pay annual rent of \$3,729,225, equal to an average rent of approximately \$22.72 per square foot per year or approximately \$1.89 per square foot monthly. Attachment I contains details of the existing leases, including square feet and rental costs of each tenant. In addition, the City would assume responsibility at the close of escrow for the obligations of the landlord at 30 Van Ness Avenue, including operating and maintaining the subject property and enforcing the terms of the lease agreements, for 4 commercial tenants occupying 15,191 square feet for total annual rental payments of \$396,177, for an average rent of approximately \$26.08 per square foot per year or \$2.17 per square foot per month (see Attachment I).

Lease Agreements

Upon close of escrow, the City would enter into lease agreements with the current property owner, Herbst Foundation, for the Herbst Foundation to lease from the City 1,158 square feet of office space, and one new tenant, Merriman Brothers, to lease from the City 429 square feet of office space at 30 Van Ness Avenue after the purchase of the building by the City.

The following details pertain to the proposed lease with Herbst Foundation.

|                            |   |
|----------------------------|---|
| <i>Lessor:</i>             | City and County of San Francisco  |
| <i>Lessee:</i>             | Herbst Foundation   |
| <i>Purpose of Lease:</i>   | Rental of office space for non-profit charitable activities   |
| <i>No. of Square Feet:</i> | 1,158 square feet of office space, designated as Suite 3600   |
| <i>Base Monthly Rent:</i>  | Approximately \$2.917 per square foot or \$3,377.50 per month   |
| <i>Base Annual Rent:</i>   | \$35 per square foot or \$40,530 per year   |
| <i>Rent Adjustment:</i>    | Annual adjustment on July 1 of each year of the term of the lease, based on the Consumer Price Index (CPI), but |

no less than 3 percent annually and no more than 7 percent annually (see Comment 11).

*Term of Lease:* October 1, 2001 through September 30, 2004, a three-year period

*Option to Terminate:* Tenant has the right to terminate the Lease upon 120 days prior written notice

*Utilities and Services:* Provided by the City

*Other Major Lease Provisions:*

The proposed lease contains other major provisions, including (a) that the tenant shall have the right to rent up to two parking spaces at the then fair market value of the spaces to be determined by the City; and (b) that the City shall have the right to relocate the tenant one time to other similar space within the building at any time during the 3-year term of the lease.

The following details pertain to the proposed lease with the Merriman Brothers.

*Lessor:* City and County of San Francisco

*Lessee:* Merriman Brothers, individuals jointly and severally liable as tenants

*Purpose of Lease:* Rental of office space

*No. of Square Feet::* 429 square feet of office space, designated as Suite 2000

*Base Monthly Rent:* Approximately \$2.917 per square foot or \$1,251.25 per month

*Base Annual Rent:* \$35 per square foot or \$15,015 per year

*Rent Adjustment:* Annual adjustment on July 1 of each year of the term of the lease, based on the Consumer Price Index (CPI), but no less than 3 percent annually and no more than 7 percent annually (see Comment 11).

*Term of Lease:* October 1, 2001 through September 30, 2004, a three-year period

*Option to Terminate:* Tenant has the right to terminate the Lease upon 60 days prior written notice

*Utilities and Services:* Provided by the City

*Other Major Lease*

*Provisions:*

The proposed lease contains other major provisions, including (a) that the tenant shall have the right to rent one parking space at the then fair market value of the spaces to be determined by the City; and (b) that the City shall have the right to relocate the tenant one time to other similar space within the building at any time during the 3-year term of the lease.

Certificates of Participation

Under the proposed resolution, the purchase of the building at 30 Van Ness Avenue would be financed by the sale of Certificates of Participation (COPs) in an amount not to exceed \$37,830,000. Of the COPs in the amount of \$37,830,000, \$35,950,000 Series 2001A would be tax-exempt certificates and \$1,880,000 Taxable Series 2001B would be taxable. The attached memorandum (Attachment II) provided by Ms. Nadia Sesay of the Mayor's Office of Public Finance, provides details of the proposed sale of the COPs.

Ms. Sesay states that, because 15,191 square feet of the office space at 30 Van Ness Avenue is currently occupied by commercial tenants, \$1,880,000 or approximately 5 percent of the proposed sale of COPs would be in 5-year taxable COPs, based on a financial analysis prepared by outside tax counsel.<sup>1</sup>

Ms. Sesay advises that the 5-year taxable COPs in the amount of \$1,880,000 would be sold at an estimated interest rate of 6.15 percent, for a total debt service of

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<sup>1</sup> The actual amount of COPs to be issued as Taxable Series 2001B was determined by outside tax counsel, based on a formula established by the Federal Internal Revenue Code.



approximately \$2,233,641 over the 5-year period and an estimated average annual debt service of \$446,728.

In addition, Ms. Sesay states that the City would sell \$35,950,000 in tax-exempt COPs, at an estimated interest rate of 5.77 percent, to be amortized over a 30-year period. Total debt service over a 30-year period would be approximately \$78,359,090 and an estimated average annual debt service of \$2,611,970.

Total combined estimated debt service over the life of the Certificates (5 years for Taxable Series 2001B and 30 years for Tax-Exempt Series 2001A) would be approximately \$80,592,731.

Attachment III, provided by Ms. Sesay, shows the (a) projected annual debt service and total debt service of approximately \$80,592,731 over the life of the COPs, (b) the City's projected operating and maintenance costs of approximately \$70,728,788 for 30 Van Ness Avenue over the 30-year period, and (c) projected savings to the City from avoiding City department rents if the City were to continue to lease space at 30 Van Ness Avenue and projected revenue to the City from rental payments from the Herbst Foundation, Merriman Brothers, and commercial tenants, totaling approximately \$220,548,566. As shown in Attachment III, total estimated savings to the City in present value terms would be \$24,991,068 over 30 years, and estimated average annual present value savings would be \$833,036.<sup>2</sup>

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<sup>2</sup> These estimates are based on the difference between (a) avoided rent and paid by the City for office space at 30 Van Ness Avenue over a 30-year period and revenues to the City from commercial leases, including the proposed Herbst Foundation and Merriman Brother leases, totaling \$220,548,566, and (b) the debt service costs to the City for tax-exempt COPs at 5.77 percent interest over a 30-year period, plus debt service costs for taxable COPs at 6.15 percent interest over a 5-year period, totaling \$80,592,731, plus estimated operating and maintenance costs over a 30-year period, totaling \$70,728,788. According to these estimates, the proposed purchase of 30 Van Ness Avenue would result in cost savings over a 30-year period of \$69,227,047 (\$220,548,566 less \$80,592,731, less \$70,728,788). The present value of cost savings of \$69,227,047 over 30 years would equal \$24,991,068, or an average of \$833,036 per year. These cost savings estimates assume that if the City were to continue to lease rather than purchase the subject property, the fair market rental value of the property would be \$42 per square foot per year when the current lease agreements expire. The current average rent per square foot for City departments occupying space at 30 Van Ness Avenue is \$22.72.

According to Ms. Sesay, debt service on the proposed COPs would be budgeted in the eight City departments' budgets listed in Attachment I, which currently occupy space in 30 Van Ness Avenue. Under the terms of the Trust Agreement, the COPs would be secured by the base rental payments made by the City. The Board of Supervisors would be required to appropriate the rental payments in the annual budgets of these eight City departments to pay for the COPs debt service.

In addition, a Reserve Fund from the initial COPs proceeds would be established, equal to the lesser of (a) the maximum annual rental payments in the Project Lease (see below), (b) 125 percent of the average rental payments in the Project Lease, or (c) 10 percent of the net proceeds derived from the sale of the Certificates.

The sources and uses of funds for the acquisition of the subject property at 30 Van Ness Avenue are as follows:

*Source of funds:*

|                               |              |
|-------------------------------|--------------|
| Certificates of Participation | \$37,830,000 |
|-------------------------------|--------------|

*Use of funds:*

|                                 |                    |
|---------------------------------|--------------------|
| Purchase of 30 Van Ness Avenue  | \$32,600,000       |
| Capital improvements            | 1,135,500          |
| COPs issuance costs             | 749,800            |
| Reserve fund                    | 2,733,510          |
| Certificates insurance premiums | 604,445            |
| Rounding                        | 6,745              |
| Total                           | <hr/> \$37,830,000 |

Attachment IV contains details of the estimated \$749,800 COPs issuance costs.

Project Lease and Trust Agreement

During the period from the close of escrow to the date when the COPs have been paid in full (approximately 30 years and 4 months), the City would enter into both a Project Lease and a Trust Agreement for the property at 30 Van Ness Avenue. Under the Trust Agreement, a Trustee would be appointed to receive and hold base rental payments made by the City and to pay debt service payments to the holders of the COPs. The Trust Agreement provides the establishment of separate funds for the deposit of the proceeds of the sale of the COPs for (a) issuance costs, (b) acquisition costs, including purchase price and closing costs, (c) costs of improvements, and (d) required reserve funds noted above. In addition, the Trustee would maintain a fund for depositing base rental payments made to the Trustee by the City under the terms of the Project Lease. Such base rental payments would be used to make interest and/ or principal payments with respect to the COPs.

Under the terms of the Project Lease, the Trustee would lease the property at 30 Van Ness Avenue to the City for the period from the date of the close of escrow to the date when the COPs had been paid in full. The City would pay to the Trustee base rental payments, equal to the debt service on the COPs. In addition to base rental payments, the City would be required to pay additional payments, including (a) insurance premiums, (b) Trustee fees and expenses not covered by proceeds from the sale of the COPs, (c) required funds to replenish amounts on deposit in the reserve fund if the reserve fund has been drawn down for principal and interest payments, and (d) required funds for the repair and maintenance of the subject property. The City would pay these additional payments to the Trustee. Under the terms of the Project Lease, total base rental and additional annual payments would not exceed the total fair market rental value of the property for that year.

**Comments:**

**Purchase Agreement**

1. Under the terms of the Purchase Agreement, if the City has not closed escrow within 120 days after the date that the Purchase Agreement is signed by both parties, then commencing on the 121<sup>st</sup> day after the signing date and continuing on each 30<sup>th</sup> day thereafter until the earlier of the closing date or the 240<sup>th</sup> day after the signing date (each 30<sup>th</sup> day a "Level 1 Adjustment Date"), the City would pay an increased purchase price of \$100,000 as of each Level 1 Adjustment Date. The "First Amendment" to the Purchase Agreement defines the signing date as February 9, 2001, and therefore, 120 days after the signing date would be June 9, 2001. Under the Purchase Agreement, the purchase price for the subject property is \$32,000,000, or \$600,000 less than the purchase price of \$32,600,000 provided by the Real Estate Division.

2. The Purchase Agreement further states that if the City has not closed escrow within 240 days after the date the Purchase Agreement is signed, or by October 7, 2001, then commencing on the 241<sup>st</sup> day after the signing date and continuing on each 30<sup>th</sup> day thereafter until closing (each 30<sup>th</sup> day, a "Level 2 Adjustment Date") the City would pay an increased purchase price of \$200,000 as of each Level 2 Adjustment Date. Under the Purchase Agreement, the purchase price of 30 Van Ness Avenue would equal \$32,600,000 on the 241<sup>st</sup> day after the signing date, or October 8, 2001, and increase by \$200,000 every 30 days.<sup>3</sup> As stated in the attached memorandum (Attachment V), provided by Mr. Anthony DeLucchi of the Real Estate Division, the City agreed to an escalating purchase price, starting at \$32,000,000 and escalating by \$100,000 every 30 days, beginning June 9, 2001, to meet the Seller's requirements to provide a motivation to close at the earliest possible date. According to Mr. Charlie Dunn of the Real Estate Division, the Real Estate Division anticipates that escrow will close prior to October 7, 2001, and that the purchase price for 30 Van Ness Avenue will not exceed \$32,600,000.

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<sup>3</sup> For example, if the City did not close escrow until December 8, 2001, or the 301<sup>st</sup> day after the signing date, the total purchase price for 30 Van Ness Avenue would be \$33,000,000.

3. Upon Board of Supervisors approval of the proposed resolution, the City Attorney's Office would proceed with a validation action, which would take 90 days pursuant to State law, to validate the City's authority to execute and deliver COPs in order to purchase of the subject property. According to Ms. Hazel Brandt of the City Attorney's Office, upon the satisfaction of the conditions precedent in the Purchase Agreement for the benefit of the City and the Seller respectively, the successful validation proceeding, and the execution, sale, and delivery of the COPs, the purchase of the building can be completed.

4. The proposed purchase price of \$32,600,000 equals approximately \$180 per square foot for 180,939 square feet of building space (\$32,600,000 divided by 180,939 square feet equals \$180 per square foot). According to Mr. Dunn, the purchase price of \$32,600,000 represents fair market value, based on an independent appraisal, performed by Tattersol and Associates, retained by the Real Estate Division.

5. Under the terms of the Purchase Agreement, the property to be purchased includes an existing five-story office building at 30 Van Ness Avenue; all fixtures, apparatus, equipment, and appliances directly used in operating the property, such as heating and air conditioning systems; and 40 on-site parking spaces.

6. Under the terms of the Purchase Agreement, the City would purchase the building "as is". Mr. Dunn states that the City, through the Department of Public Works (DPW), has completed inspections of the property. According to Mr. Dunn, DPW recommends certain improvements, as shown in Attachment VI, for an estimated cost of \$1,135,500, to be funded by proceeds from the sale of the COPs. In addition, the City has received a hazardous materials report, indicating that the property contains lead-based paints and asbestos in some areas of the building. According to Mr. Ron Krzyzanowski of DPW, the asbestos and lead found in the building are not exposed and do not require immediate removal. Mr. Krzyzanowski states that, because the asbestos is not exposed, an ongoing asbestos management plan, which includes vendor training and required notification, can be



implemented at minimal costs. In addition, Mr. Dunn states that the City has received a structural report which verifies that seismic upgrades performed in 1993 and 1997 to the subject building were completed to City code requirements in effect in 1993 and 1997.

7. Mr. Dunn states that the estimated annual operating and maintenance costs for the subject property in FY 2002-2003 are estimated to be \$1,414,500, as noted in Attachment VII.

8. According to Mr. Gerald Green of the Department of Planning, the proposed purchase of the subject property at 30 Van Ness Avenue is in conformance with the General Plan. Mr. Green states that the subject property is exempt from environmental review, under Class 1(a) and 1(d) of State Environment Review guidelines.

9. The proposed acquisition and financing of 30 Van Ness Avenue were approved by the Capital Improvements Advisory Committee (CIAC) on March 30, 2001.

#### Property Leases

10. According to Mr. Dunn, the proposed leases between the City and Herbst Foundation and Merriman Brothers were part of the sale negotiation and represent fair market value.

11. Under the terms of the proposed leases with Herbst Foundation and Merriman Brothers, annual upward adjustments to rent would be made based on a ratio of the CPI in the initial year of the lease to the CPI for the year in which the rent is being adjusted. In no event would the annual rent increase be less than 3 percent or more than 7 percent of the rent in the year immediately preceding the annual adjustment date.

12. The proposed leases contain provisions, asserting that the subject leases would not be effective unless approved by the Board of Supervisors.



13. According to Ms. Sesay, the Mayor's Office of Public Finance will be submitting an Amendment of the Whole to the subject resolution regarding the COPs financing. However, as of the writing of this report, the Mayor's Office of Public Finance has not provided the Budget Analyst with the Amendment of the Whole and related financing information. Therefore, this report is based on the COPs financing information submitted with the original resolution.

**Recommendation:**

Because the Budget Analyst has not received the Amendment of the Whole and the related financing information, approval of the subject resolution is a policy matter for the Board of Supervisors.

EXHIBIT D  
Tenant Summary  
30 Van Ness Ave

| <u>No.</u>   | <u>Tenant</u>     | <u>Suite</u>                | <u>Rentable Area</u> | <u>Annual Rent<br/>As of 1/1/2002</u> | <u>Rent<br/>PSF</u> | <u>Lease Exp</u> |
|--|-------------------|-----------------------------|----------------------|---------------------------------------|---------------------|------------------|
| 1  | City /DPW         | 4th & 5th                   | 84,030               | \$ 1,599,664.50                       | \$ 19.04            | 10/31/2006       |
| Estimated rent taking effect 10/01 & current operating exp pass thru<br>(1) remaining 5 yr options at CPI<br>4 parking spaces included in rent |                   |                             |                      |                                       |                     |                  |
| 2  | City/ DHR/ W Comp | Portion 3rd<br>(SE side)    | 11563                | \$ 312,201.00                         | \$ 27.00            | 03/31/2007       |
| Rent increases to \$27,943.92 per month (\$29 psf) beginning 10/2005<br>(2) 5 yr options at CPI  |                   |                             |                      |                                       |                     |                  |
| 3  | City/Ethics       | Portion 3rd<br>(West side)  | 2998                 | \$ 95,936.04                          | \$ 32.00            | 12/01/2005       |
| (1) 5 yr option at CPI and (1) 5 yr at 95% of FMV  |                   |                             |                      |                                       |                     |                  |
| 4  | City/Retirement   | Portion 3rd<br>(North side) | 19814                | \$ 473,554.56                         | \$ 23.90            | 07/31/2009       |
| Yrs 6-10 : Rent increases to \$45704.29 per month (2.31psf) 11/2005<br>(2) 5yr options @ CPI   |                   |                             |                      |                                       |                     |                  |
| 5  | City/ Sheriff     | Portion 3rd                 | 1347                 | \$ 50,365.00                          | \$ 37.39            | 12/01/2005       |
| (1) 5 yr option at CPI and (1) 5 yr at 95% of FMV  |                   |                             |                      |                                       |                     |                  |

City Space:

|                            |  |                            |                |    |                     |    |                        |            |
|----------------------------|--|----------------------------|----------------|----|---------------------|----|------------------------|------------|
| 6                          | City/DPH/ Prevention   | Portion 2nd<br>(#2011)     | 11124          | \$ | 422,750.04          | \$ | 38.00                  | 02/28/2006 |
|                            | (1) 5 yr option at CPI and (1) 5 yr at 95% of FMV              |                            |                |    |                     |    |                        |            |
| 7                          | City/SFPD<br>(Consent Decree Audit)<br>1,402 rsf with 15% load | Portion 2nd<br>(#213, 218) | 1418           | \$ | 31,200.00           | \$ | 22.00                  | 08/30/2004 |
| 8                          | City/DPH/ Children   | Portion 2nd                | 18847          | \$ | 508,869.00          | \$ | 27.00                  | 02/28/2005 |
|                            | (1) 5 yr option at CPI and (1) 5 yr at 95% of FMV              |                            |                |    |                     |    |                        |            |
| 9                          | City/ DHS Gain   | Portion 2nd                | 5666           | \$ | 76,782.00           | \$ | 18.94                  | 11/30/2004 |
|                            | (2) remaining 2yr options at CPI                               |                            |                |    |                     |    |                        |            |
| 10                         | City/ DHS Gain   | Portion GRD                | 2858           | \$ | 51,221.50           | \$ | 20.23                  | 11/30/2004 |
|                            | Sep metered elec paid by City                                  | 50 Van Ness                |                | \$ | 6,600.00            |    |                        |            |
| 11                         | City/ DPH Sr Services  | Portion GRD                | 4496           | \$ | 69,562.80           | \$ | 15.47                  | 10/31/2004 |
|                            | (2) 5 year options at CPI                                      |                            |                |    |                     |    |                        |            |
|                            | Sep metered elec paid by City                                  | 90 Van Ness                |                |    |                     |    |                        |            |
| <b>TOTAL CITY SPACE:</b>   |  |                            | <u>164,161</u> | \$ | <u>3,729,224.94</u> | \$ | <u>22.72 (Average)</u> |            |
| <b>PERCENTAGE OF BLDG:</b> |  |                            | 0.91           |    |                     |    |                        |            |

| Retail Space:  |             |                            |      |       |            |            |       |                 |            |
|--|-------------|----------------------------|------|-------|------------|------------|-------|-----------------|------------|
| 12   | Optometrist | Portion GRD<br>34 Van Ness | 1100 | \$    | 38,832.00  | \$         | 35.30 |                 | 08/31/2003 |
| 13   | Deli        | Portion GRD<br>28 Van Ness | 761  | \$    | 18,000.00  | \$         | 23.65 |                 | 12/31/2002 |
| 14   | Sundry      | Portion GRD<br>24 Van Ness | 558  | \$    | 20,052.00  | \$         | 35.94 |                 | Mo to Mo   |
| 15   | Rite Aid    | Portion GRD<br>1492 Market | 3451 | \$    | 86,268.00  | \$         | 25.00 |                 | 08/31/2018 |
| 16   | Rite Aid    | Portion GRD<br>10 Van Ness | 9321 | \$    | 233,025.00 | \$         | 25.00 |                 | 08/31/2018 |
| Base Rent escalates every 5 years per fixed schedule<br>Versus 2% Gross Sales<br>(3) 5 year options at fixed rent<br>NNN lease<br>Landlord may terminate lease after the 12th year (8/31/10) with 3 year notice with payment of unamortized costs. |             |                            |      |       |            |            |       |                 |            |
|  |             |                            |      | 15191 | \$         | 396,177.00 | \$    | 26.08 (Average) |            |

|                           |                                    |             |     |    |           |    |       |  |                  |
|---------------------------|------------------------------------|-------------|-----|----|-----------|----|-------|--|------------------|
| Seller Leased-back Space: |                                    |             |     |    |           |    |       |  |                  |
| 17                        | Merriman<br>Related Owner's office | Portion 2nd | 429 | \$ | 15,015.00 | \$ | 35.00 |  | 3 yrs from close |

03/23/2001

|    |                                      |             |              |    |           |    |                 |                  |
|----|--------------------------------------|-------------|--------------|----|-----------|----|-----------------|------------------|
| 18 | Herbst Foundation<br>Owner's Office/ | Portion 3rd | 1158         | \$ | 40,530.00 | \$ | 35.00           | 3 yrs from close |
|    | TOTAL SELLER LEASE-BACK SPACE        |             | 1587<br>0.01 | \$ | 55,545.00 | \$ | 35.00 (Average) |                  |

151,784

TOTAL BUILDING SPACE:

180,939 \$ 4,180,946.94 \$ 23.11 (Average)

Garage:

40 spaces total  
34 spaces at market/ 2 used for Bikes  
6 spaces Included in leases  
(currently \$200 per mont \$ 81,600.00

Total Projected Annual Income

\$ 4,262,546.94

OFFICE OF THE MAYOR  
SAN FRANCISCO

WILLIE LEWIS BROWN, JR.

April 24, 2001

TO: Severin Campbell  
Budget AnalystFROM: Nadia Sesay  
Public FinanceRE: Certificates of Participation, Series 2001A and Taxable Series 2001B  
(30 Van Ness Avenue Project)

As discussed, the transaction mentioned above will be issued in two series. A tax-exempt series for the rentable area occupied by the city which will be funded from proceeds from Series 2001A and taxable series for rentable area occupied by retail and the owner which will be funded from proceeds from Taxable Series 2001B. See Exhibit D for a list of Tenants.

The sources and uses of proceeds of the proposed \$37,830,000 of Certificates of Participation, Series 2001A and Taxable Series 2001B are as follows:

|   | Series 2001A    | Taxable Series 2001B | Issue Summary   |
|---|-----------------|----------------------|-----------------|
| <b>Sources:</b>                         |                 |                      |                 |
| Par Amount of Certificates              | \$35,950,000.00 | \$1,880,000.00       | \$37,830,000.00 |
| <b>Total Sources</b>                    | \$35,950,000.00 | \$1,880,000.00       | \$37,830,000.00 |
| <b>Uses:</b>                            |                 |                      |                 |
| Acquisition Fund                        | \$30,970,772.05 | 1,629,227.95         | \$32,600,000.00 |
| Improvement Fund                        | 1,078,751.89    | 56,748.11            | 1,135,500.00    |
| Cost of Issuance                        | 712,300.00      | 37,500.00            | 749,800.00      |
| Reserve Fund                            | 2,597,665.46    | 135,844.54           | 2,733,510.00    |
| Certificates Insurance Premium (75.0bp) | 587,693.17      | 16,752.31            | 604,445.48      |
| Rounding                                | <u>2,817.43</u> | <u>3,927.09</u>      | <u>6,744.52</u> |
| <b>Total Uses</b>                       | \$35,950,000.00 | \$1,880,000.00       | \$37,830,000.00 |

The sale of the Series 2001A and Taxable Series 2001B certificates is tentatively scheduled for the week of September 24, 2001. The certificates are to be sold at an interest rate not to exceed 12 percent per year and will have a final maturity of 2031, or 30 years for the Series 2001A and 2006, or 5 years for the Taxable Series 2001B. Based upon conservative estimates given current market conditions, our office estimates that the overall effective interest rate on the Series 2001A certificates would be approximately 5.77308% and on the Taxable Series 2001B certificates would be approximately 6.15199%. The proposed sale of the Series 2001A certificates in the amount of \$35,950,000 would result in total debt service of approximately \$78,359,089.83 over the life of the certificates. The proposed sale of the Taxable Series B certificates in the amount of \$1,880,000 would result in total debt service of approximately \$2,233,640.83 over the life of the certificates. The combined debt service over the life of the certificates would be \$80,592,730.66. The average annual debt service payment for the first 5 years would be



approximately \$2,642,577.13 and the average debt service for the remaining 25 years would be approximately \$2,696,460.52.

The City expects to save approximately \$25 million on a present value basis over 30 years by purchasing the property rather than continuing to rent it and translates to an average annual present value savings of \$833,036.

I have also attached for your review spreadsheets that illustrates the savings analysis as well as the framework provided by Tax Counsel for sizing the issues.

The current financing schedule anticipates that the certificates would be sold via competitive sale and that the transaction would close in September 2001. Pursuant to the Purchase and Sale agreement the purchase price as adjusted, shall be \$32,400,000 (within 240 days after the execution of the Amended Purchase and Sale Agreement) if we close as indicated above. In our number run we have assumed a purchase price of \$32,600,000 to be conservative.

Co-financial advisors on this project are The Chapman Company and Arimax Financial Advisors Inc., both of whom were selected from the Mayor's Office of Public Finance's financial advisory pool, which was established in December 2000 via an RFP process. Jones Hall, Quateman-Zadell, LLP and Law Offices of Samuel Norber are serving as bond counsel on the transaction and were selected by the City Attorney's office.

Please feel free to call me if you have any question (415) 554-5956.

## City &amp; County of San Francisco

10 Van Ness Acquisition

Schedule of Base Rental and Additional Rental

4/25/07

| Fiscal Year |    | Avoided Rent &   |                   | Tax-Exempt    | Taxable      | Total         | Total          | Total         |
|-------------|----|------------------|-------------------|---------------|--------------|---------------|----------------|---------------|
|             |    | Building Revenue | Operating Expense |               |              |               |                |               |
|             |    |                  |                   | D/S           | D/S          | D/S           | D/S + O&M      | Savgs (Exp)   |
| 0002        | 1  | \$ 3,167,587     | \$ 1,414,500      | \$ 882,539    | \$ 48,810    | \$ 931,348    | \$ 2,345,848   | \$ 821,739    |
| 0003        | 2  | 4,222,344        | 1,456,935         | 2,218,066     | 438,425      | 2,656,491     | 4,113,426      | 108,918       |
| 0004        | 3  | 4,272,976        | 1,500,643         | 2,220,556     | 434,500      | 2,655,056     | 4,155,699      | 117,277       |
| 0005        | 4  | 4,375,758        | 1,545,662         | 2,217,408     | 438,444      | 2,655,851     | 4,201,514      | 174,244       |
| 0006        | 5  | 4,485,178        | 1,592,032         | 2,218,640     | 434,756      | 2,653,396     | 4,245,428      | 239,750       |
| 0007        | 6  | 4,569,511        | 1,639,793         | 2,219,123     | 438,706      | 2,657,829     | 4,297,622      | 271,889       |
| 0008        | 7  | 6,483,585        | 1,688,987         | 2,653,648     |              | 2,653,648     | 4,342,634      | 2,140,950     |
| 0009        | 8  | 6,629,770        | 1,739,657         | 2,656,260     |              | 2,656,260     | 4,395,917      | 2,233,854     |
| 0010        | 9  | 6,771,163        | 1,791,846         | 2,656,331     |              | 2,656,331     | 4,448,178      | 2,322,986     |
| 0011        | 10 | 6,945,520        | 1,845,602         | 2,653,960     |              | 2,653,960     | 4,499,562      | 2,445,958     |
| 0012        | 11 | 7,045,776        | 1,900,970         | 2,654,155     |              | 2,654,155     | 4,555,125      | 2,490,651     |
| 0013        | 12 | 7,084,302        | 1,957,999         | 2,656,381     |              | 2,656,381     | 4,614,380      | 2,469,922     |
| 0014        | 13 | 7,147,282        | 2,016,739         | 2,655,220     |              | 2,655,220     | 4,671,959      | 2,475,323     |
| 0015        | 14 | 7,271,976        | 2,077,241         | 2,655,653     |              | 2,655,653     | 4,732,893      | 2,539,083     |
| 0016        | 15 | 7,388,341        | 2,139,558         | 2,657,314     |              | 2,657,314     | 4,796,872      | 2,591,469     |
| 0017        | 16 | 7,550,093        | 2,203,745         | 2,654,963     |              | 2,654,963     | 4,858,707      | 2,691,385     |
| 0018        | 17 | 7,690,674        | 2,269,857         | 2,653,348     |              | 2,653,348     | 4,923,205      | 2,767,469     |
| 0019        | 18 | 7,759,956        | 2,337,953         | 2,656,925     |              | 2,656,925     | 4,994,878      | 2,765,078     |
| 0020        | 19 | 7,811,160        | 2,408,092         | 2,655,913     |              | 2,655,913     | 5,064,004      | 2,747,156     |
| 0021        | 20 | 8,102,687        | 2,480,334         | 2,655,395     |              | 2,655,395     | 5,135,729      | 2,966,957     |
| 0022        | 21 | 8,208,248        | 2,554,744         | 2,654,709     |              | 2,654,709     | 5,209,453      | 2,998,795     |
| 0023        | 22 | 8,253,343        | 2,631,387         | 2,653,860     |              | 2,653,860     | 5,285,247      | 2,968,097     |
| 0024        | 23 | 8,333,462        | 2,710,328         | 2,657,345     |              | 2,657,345     | 5,367,673      | 2,965,789     |
| 0025        | 24 | 8,395,569        | 2,791,638         | 2,654,848     |              | 2,654,848     | 5,446,486      | 2,949,083     |
| 0026        | 25 | 8,432,497        | 2,875,387         | 2,655,999     |              | 2,655,999     | 5,531,386      | 2,901,111     |
| 0027        | 26 | 8,541,948        | 2,961,649         | 2,655,329     |              | 2,655,329     | 5,616,978      | 2,924,970     |
| 0028        | 27 | 8,589,140        | 3,050,498         | 2,652,965     |              | 2,652,965     | 5,703,463      | 2,885,677     |
| 0029        | 28 | 8,680,431        | 3,142,013         | 2,653,461     |              | 2,653,461     | 5,795,475      | 2,884,956     |
| 0030        | 29 | 8,746,791        | 3,236,274         | 2,656,223     |              | 2,656,223     | 5,892,496      | 2,854,295     |
| 0031        | 30 | 8,785,640        | 3,333,362         | 2,655,803     |              | 2,655,803     | 5,989,164      | 2,796,476     |
| 0032        | 31 | 8,805,858        | 3,433,363         | 2,656,755     | -            | 2,656,755     | 6,090,118      | 2,715,740     |
| TOTAL       |    | \$ 220,548,566   | \$ 70,728,788     | \$ 78,359,090 | \$ 2,233,641 | \$ 80,592,731 | \$ 151,321,519 | \$ 69,227,047 |
| PV          |    |                  |                   |               |              |               |                | \$ 24,991,068 |
|             |    |                  |                   |               |              |               |                | 833,036       |

|   |               |
|---|---------------|
| assumptions   |               |
| Purchase Price  | \$ 32,600,000 |
| Net Amount of Bonds                                       | \$ 37,830,000 |
| Tax-exempt TIC  | 5.7731%       |
| Taxable TIC   | 6.1520%       |
| Base rates increase to \$42/s.f. at end of existing Lease |               |

Attachment IV**City and County of San Francisco  
30 Van Ness Avenue  
Cost of Issuance**

|                           |                |
|---------------------------|----------------|
| Financial Advisors Fee    | \$ 50,000      |
| Bond Counsel Fees         | 80,000         |
| Rating Agency Fees        | 40,000         |
| Printing                  | 15,000         |
| Electronic Posting of POS | 1,500          |
| Advertising               | 5,000          |
| Trustee                   | 4,000          |
| Real Estate Closing Costs | 389,000        |
| City Administrative Fees  | 97,500         |
| Property Insurance        | 20,000         |
| Rounding                  | 47,800         |
|                           | <u>749,800</u> |

City and County of San Francisco



Attachment V

Page 1 of 2

Real Estate Division

Administrative Services Department

April 25, 2001

TO: Harvey Rose  
Budget Analyst

FROM: Anthony J. DeLucchi  
Director of Property

RE: 30 Van Ness Ave Acquisition  
Purchase Price

You have requested an explanation of the Purchase Price formula contained in the Purchase and Sale Agreement for the above referenced property.

The seller of the property, the Herbst Foundation, based on capitalization rates and recent sales valued their property at more than \$36,000,000. In addition, a typical close of escrow, if the Seller were to sell to a third party, would take from 30 to 90 days. As you are aware, the City has a process and requires approximately 235 to 255 days to purchase a property using COPs. This process can be summarized as follows:

|   |                |
|---|----------------|
| Due Diligence Investigations<br>(including all City required reports) | 60 days        |
| Board of Supervisor's Approval<br>(including Gen Plan Referral, CIAC) | 75 days        |
| COP Validation Court Action   | 60 days        |
| Appeal Period   | 30 days        |
| Cop Issuance & Funding of Escrow                                      | <u>15 days</u> |
| Total Estimated time required   | 240 days       |

In addition to the time disparity between a private sector transaction and the City's requirements to close, the Seller's experience with leasing has lead the Herbst Foundation to believe that a financial incentive is desirable to insure that the City perform in a timely manner.

Through a long and arduous negotiation, our department was able to not only negotiate a lower purchase price but also receive the extra time required. The deal structure provides

H:\WP30 VNsale\Price explanation.doc

(415) 554-9850

FAX: (415) 552-9216

Office of the Director of Property  
25 Van Ness Avenue, Suite 400

San Francisco, 94102

an escalating purchase price starting at \$32,000,000 and escalating \$100,000 per month after 120 days. This structure met the Seller's requirements to provide a motivation to close at the earliest possible date. The Real Estate and the Mayor's Office of Public Finance has assumed an actual purchase price of \$32,600,000 given the above 240 days required by the City to close escrow.

While not the typical fixed price purchase contract, I hope you can see the value of creatively meeting the seller's needs with the proposed price structure. If you have any questions regarding this matter, please contact Charlie Dunn of our office at 554-9861.

cc Nadia Sesay

## Exhibit E

30 Van Ness Ave  
CAPITAL IMPROVEMENT BUDGET  
\$1,135,000

Costs based on DPW's FCM Report dated Jan 16, 2001

Section 1- General Site Conditions  
"Element is Adequate"

Section 2- Structural\*  
Cracked and Spalled Concrete, etc \$49,000

Section 3-Exterior Systems  
Painting roof mechanical \$15,000  
Window seals \$15,000

Section 4- Roofing  
New Roof & drainage \$470,000

Section 5- Interior  
4& 5th floor Carpet, Paint & Ceiling tiles \$377,500

Section 6- Plumbing & Fire Spr  
"Element is Adequate"

Section 7- HVAC  
New Boiler (estimated 5 year remaining life) \$200,000  
Other \$ 9,000

Section 8- Elevator  
"Element is Adequate"

Section 9-Electrical  
"Element is Adequate"

Section 10- Bldg Control  
"Element is Adequate"

Section 11-Lighting  
"Element is Adequate"

TOTAL \$1,135,500

\* Report recommends further study



Estimated Annual Payments For Fiscal Year 2002-2003

|    |  |                  |
|----|--|------------------|
| 1) | Debt Service                                   | \$2,649,000      |
| 2) | O & M  |                  |
|    | Utilities (1):                                 | \$233,000        |
|    | Janitorial (2):                                | \$324,000        |
|    | Bldg Day Services                              | \$ 63,000        |
|    | Scavenger:                                     | \$ 47,000        |
|    | Security (3):                                  | \$204,000        |
|    | Elevator:                                      | \$ 18,000        |
|    | Repairs & Maintenance(4):                      | \$160,000        |
|    | Insurance (5):                                 | \$ 44,000        |
|    | HVAC   | \$ 65,000        |
|    | Bldg Mgmt:                                     | \$100,000        |
|    | COP Trust Services                             | \$ 20,000        |
|    | Misc:  | <u>\$ 20,000</u> |
|    | O & M SubTotal                                 | \$1,298,000      |
|    | Utility Contingency                            | <u>\$116,500</u> |
|    | O & M TOTAL                                    | \$1,414,500      |
|    | TOTAL Occupancy Cost (Debt Service plus O & M) | \$4,063,500      |
|    | Less Income from other Tenants                 | \$ 457,116       |
|    | City's Occupancy Cost                          | \$3,606,384      |
|    | City's Occupancy Cost per square foot          | \$ 22            |

- (1) Based on Hetch Hetchy rate - .6667 times existing
- (2) Based on \$1.90 psf to include Supplies, Salaries, Window Washing, Pest Control. Etc. Based on the cost per square foot of other City-owned buildings.
- (3) 6:00 am to 10:00 pm
- (4) RE estimate of repairs and maintenance after completion of repair items.
- (5) COP required estimate: The insurance estimates covers property, boiler and machinery and rental interruption premiums. Liability is covered under the City's self-insurance program.

- D. Provide a strategic analysis of the long-term capital needs for the Project/Program.

Item 14-File 01-0666

**Department:** Mayor's Office of Public Finance  
Mayor's Office of Housing

**Items:** Resolution authorizing the sale of a total of \$40,000,000 of General Obligation Bonds (Affordable Housing) comprising series 2001C (\$17,000,000 in tax-exempt bonds) and Series 2001D (\$23,000,000 in taxable bonds).

**Description:** On November 5, 1996 voters approved Proposition A, which authorized the City to issue up to \$100 million in General Obligation Bonds to develop affordable rental housing and provide down-payment assistance for first-time home buyers in San Francisco.

To date a total, of \$60,000,000 has been authorized for sale by the Board of Supervisors. The City sold the first series of bonds authorized by Proposition A on February 18, 1998 in the amount of \$20,000,000. ("City and County of San Francisco Taxable General Obligation Bonds) (Affordable Housing) Series 1998 A"). On June 10, 1999 the second series was sold in the amount of \$20,000,000 ("City and County of San Francisco Taxable General Obligation Bonds) (Affordable Housing) Series 1999 A"). The third series was sold in the amount of \$20,000,000 on June 6, 2000 ("City and County of San Francisco Taxable General Obligation Bonds) (Affordable Housing) Series 2000 D").

The proposed resolution authorizes the sale of the remaining \$40,000,000 under Proposition A General Obligation Bonds, to finance the development of housing affordable to low-income households and down-payment assistance to low- and moderate-income first-time home buyers.

The Mayor's Office of Housing proposes to issue a fourth and fifth series with an aggregate principal amount of \$40,000,000. The Series 2001C bonds would be issued on a tax-exempt basis in the

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

amount of \$17,000,000 and the Series 2001D bonds would be issued on a taxable basis in the amount of \$23,000,000. The sale of the Series 2001C and the 2001D are tentatively set for May 30, 2001.

The general provisions of the bond sale are as follows:

- The sale of the bonds is tentatively scheduled for May 30, 2001.
- The bond sale consists of \$17,000,000 Series 2001C (tax-exempt) and \$23,000,000 Series 2001D (taxable).
- The bonds would be sold with interest rates not to exceed 12 percent per year and would have a final maturity date not later than 2021.
- An official statement describing the bonds to be issued is included with the Board of Supervisors' file (File 01-0666). The official statement would be available to all bidders for the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest true interest cost to the City.
- The bonds are subject to Article VIII of Chapter 2 of the City's Administrative Code requiring accountability reports for the General Obligation Bonds. The Mayor's Office of Housing will issue a Bond Accountability Report to the Board of Supervisors; the Budget Analyst's Office and the Controller when the proceeds have been expended.
- The City Treasurer will act as the fiscal agent.

Comments:

1. As stated above the interest rates for the proposed bond sale under this resolution cannot exceed 12 percent.

2. According to the Mayor's Office of Public Finance, if the bonds are sold on May 30, 2001, the total projected debt service on the \$17,000,000 in Series 2001C General Obligation Bonds (tax-exempt bonds), at an estimated effective rate of interest of 5.2 percent, would be approximately \$27,932,000 over the 20-year life of the bonds. The total projected debt service on the \$23,000,000 Series 2001D General Obligation Bonds

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

(taxable bonds), based on an estimated effective interest rate of approximately 7.43%, would result in a total debt service of approximately \$44,663,000 over the 20-year life of the bond. Total debt service over approximately 20 years would amount to \$72,595,000 and the total combined average annual debt service for the two series of General Obligation Bonds would be \$3,629,000.

3. The Budget Analyst notes that the sale of \$40,000,000 in the Series 2001C and Series 2001D bonds would result, in an increase in the Property Tax rate of approximately \$0.004675 per \$100 of assessed value. At that rate the owner of a single-family house currently assessed at \$400,000 would pay increased Property Taxes of \$18.70 annually.

4. The City's General Obligation Bond debt capacity is limited to three percent of the City's net assessed property value. According to Ms. Karen Ribble of the Mayor's Office of Public Finance, the City's total General Obligation debt capacity is currently \$2,329,486,170 or three percent of an estimated net assessed property value of \$77,649,539,000 for FY 2000-2001.

Currently the City has an estimated \$961,740,000 in its outstanding aggregate principal amount of General Obligation Bond debt. The City will make a principal payment of \$45,005,000 on June 15, 2001 resulting in a reduced outstanding principal amount of \$916,735,000 as of June 30, 2001. If the subject resolution is approved, the City will have \$956,735,000 (\$916,735,000 plus the subject General Obligation Bond of \$40,000,000) in General Obligation Bond Debt and \$1,372,751,170 in General Obligation bonding capacity remaining (\$2,329,486,170 less \$956,735,000). The City's bonding capacity varies from time to time as a result of paying off previously issued bonds, issuance of new bonds and changes in the City's assessed valuation.

5. The Mayor's Office of Housing has included the full amount of the bond sale proceeds in the City's Preliminary 2001 Action Plan reviewed by the Finance Committee on May 24, 2001 (File 01-0622). Mr. Joe LaTorre of the Mayor's Office of Housing, states that the Board of Supervisors will receive an annual Affordable

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Housing and Home Ownership Bond Program Report, as required by Proposition A and Article VIII of the City's Administrative Code for the third year of the program on Friday, April 27, 2001.

The Report will address the following subjects concerning the \$60,000,000 previously appropriated bond funds.

- Allocation of FY 2000-2001 Development Account Funds
- Commitments of Bond Funds during FY 2000-2001
- Projects funded during FY 2000-2001
- Bond projects Completed during FY 2000-2001
- Down-payment Assistance Loan Account

The tables in Attachment I provide a summary of the Sources and Uses for the proceeds from the proposed sale of \$40,000,000 in General Obligation Bonds.

According to Mr. LaTorre, the Mayor's Office of Housing is requesting authorization to issue the full amount of the remaining \$40,000,000 in General Obligation Affordable Housing Bonds in order to expedite the planned housing development process as much as possible. Attachment II provides a preliminary list of the proposed projects which total \$45,206,339 to be funded by the new bond proceeds in the amount of \$39,750,000, after deduction of the \$250,000 in issuance costs, and \$5,456,339 in uncommitted General Obligation Bond funds from the previously issued \$60,000,000 in such bond funds.

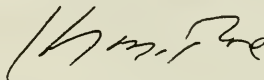
6. According to Mr. LaTorre, issuing the \$17,000,000 Series 2001C on a tax-exempt basis and the \$23,000,000 Series 2001D on a taxable basis, will allow the Mayor's Office of Housing to achieve the greatest interest cost savings. In addition this will provide the Mayor's Office of Housing with the greatest flexibility possible, as there are numerous restrictions with regard to how proceeds from tax-exempt bond funds can be used in combination with other federal programs. Upon review of their list of possible commitments, the Mayor's Office of Housing identified approximately \$17,000,000 worth of projects that would be more easily financed with tax-exempt bond proceeds. The \$23,000,000 will be used for the down-payment assistance loan program, which according to Mr.

Memo to Finance Committee  
May 2, 2001 Finance Committee Meeting

LaTorre, requires the issuance of taxable bonds and for projects with developers which also require taxable bond proceeds.

7. All of the proceeds from the sale of the \$40,000,000 in General Obligation Bonds will be subject to appropriation approval by the Board of Supervisors in the FY 2001-2002 budget of the Mayor's Office of Housing. The previously issued \$60,000,000 in such bond funds were appropriated through the budget process.

**Recommendation:** Approve the proposed resolution.



Harvey M. Rose

Supervisor Leno  
Supervisor Peskin  
Supervisor Gonzalez  
Clerk of the Board  
Controller  
Steve Kawa



**Source of Funds**

| <b>Description</b>            | <b>Amount</b>       |
|-------------------------------|---------------------|
| Total Issuance                | \$40,000,000        |
| Net Original Issue Premium    | 541,800             |
| <b>Total Sources of Funds</b> | <b>\$40,541,800</b> |

**Use of Funds**

| <b>Description</b>                          | <b>Amount</b>       |
|---|---------------------|
| Deposit to the Housing Account: Development | \$16,893,750        |
| Account: Tax-exempt Sub Account             |                     |
| Deposit to the Housing Account: Development | 22,856,250          |
| Account: Taxable Sub Account                |                     |
| Underwriter's Discount                      | 541,800             |
| Deposit to the Cost of Issuance Account     | 250,000             |
| <b>Total Uses of Funds</b>                  | <b>\$40,541,800</b> |

**Detail Cost of Issuance**

| <b>Description</b>                 | <b>Amount</b>       |
|------------------------------------|---------------------|
| Bond counsel fees                  | 45,000              |
| Financial Advisor Fees             | 46,000              |
| City Staff Services cost           | 63,000              |
| POS/OS Printing                    | 14,000              |
| Rating Fees                        | 25,125              |
| Advertising (Bond Buyer and other) | 3,075               |
| Contingency                        | 53,800 <sup>1</sup> |
| <b>Total Bond Issuance cost</b>    | <b>\$250,000</b>    |

<sup>1</sup> Pending finalization of costs associated with issuance, unused funds will be added to available funds account of the down-payment assistance program and the housing development program accounts.

**Summary of Prior Year General Obligation Bond Issuance and  
Proposed Use of Funds FY2001-2002**

|   | Amount       | Costs of<br>Issuance | Down-<br>payment<br>Assistance<br>Account | Housing<br>Development<br>Account | Uncommitted<br>Housing<br>Development<br>Account |
|---|--------------|----------------------|---|-----------------------------------|--|
| 1998 Issuance   | \$20,000,000 | \$202,000            | \$2,969,700                               | \$16,828,300                      | \$257,764  |
| 1999 Issuance   | 20,000,000   | 185,000              | 5,942,250                                 | 13,872,750                        | 0  |
| 2000 Issuance   | 20,000,000   | 200,000              | 2,970,000                                 | 16,830,000                        | 5,198,575  |
| <b>Uncommitted Funds<br/>from prior bond<br/>issuance</b> |              |                      |   |                                   | <b>\$5,456,339</b>                               |

|   | Amount              | Costs of<br>Issuance | Down-<br>payment<br>Assistance<br>Account | Housing<br>Development<br>Account | Uncommitted<br>Housing<br>Development<br>Account |
|---|---------------------|----------------------|---|-----------------------------------|--|
| <b>Proposed 2001<br/>Issuance</b>                         | <b>\$40,000,000</b> | <b>\$250,000</b>     | <b>\$2,992,500</b>                        | <b>\$36,757,500</b>               | <b>\$36,757,500</b>                              |
| <b>Uncommitted<br/>Funds from prior<br/>bond issuance</b> |                     |                      |   |                                   | <b>5,456,339</b>                                 |
| <b>Subtotal Funds<br/>Available:</b>                      |                     |                      | <b>2,992,500</b>                          |                                   | <b>42,213,839</b>                                |
| <b>Total Funds<br/>Available</b>                          |                     |                      |   |                                   | <b>\$45,206,339</b>                              |

| Proposed Uses:   | Housing<br>program | Housing<br>Development<br>Account | Anticipated<br>Commitment<br>Date | Anticipated<br>Completion<br>Date |
|--|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 421 Turk   | Family rental      | \$2,600,000                       | Spring 2001                       | September<br>2002                 |
| Friendship House   | Supportive         | 3,512,301                         | Summer 2001                       | June 2002                         |
| Geneva/Carter  | Family rental      | 12,600,000                        | Fall 2001                         | March 2002                        |
| Broadway/Battery   | Family rental      | 5,087,764                         | Spring 2002                       | October 2002                      |
| 145 Taylor   | Supportive         | 700,000                           | Spring 2001                       | July 2001                         |
| ALFA Residential Care  | Supportive         | 400,000                           | Fall 2001                         | June 2002                         |
| 827 Howard Street  | Senior             | 3,986,274                         | Fall 2001                         | November<br>2002                  |
| Notice of Funding Availability                                 | Family rental      | 7,327,500                         | Fall 2001                         | April 2002                        |
| Notice of Funding Availability                                 | Senior             | 6,000,000                         | Fall 2001                         | April 2002                        |
| Available Fund Balance<br>(Down-Payment Assistance<br>Account) |                    | 2,992,500                         |                                   |                                   |
| <b>Total Uses:</b>   |                    | <b>\$45,206,339</b>               |                                   |                                   |



BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 544-5227

AGENDA  
SPECIAL OFF SITE MEETINGS  
FINANCE COMMITTEE  
Board of Supervisors

The agenda for the Special Off Site Meetings of the Finance Committee is: An opportunity for the public in the various districts to provide input on the City and County of San Francisco 2001-2002 Budget. The meeting dates and times are as follows:

Saturday, May 5, 2001; 1:00 p.m.  
Grace Cathedral, 1100 California Street

Tuesday, May 8, 2001; 6:30 p.m.,  
Ella Hill Hutch Community Center, 1050 McAllister Street

Hearing to discuss the neighborhood concerns in District 5. (File 010808)

Saturday, May 12, 2001; 10:00 a.m.,  
James Denman Middle School Auditorium, 241 Oneida Street

Wednesday, May 16, 2001; 7:00 p.m.,  
Stonestown YMCA, Lane Seniors Annex, 3150 20<sup>th</sup> Avenue

Thursday, May 17, 2001; 7 p.m.,  
Everett Middle School, 450 Church Street

DOCUMENTS DEPT.

Saturday, May 19, 2001, 10:00 a.m.,  
Richmond Recreation Center, 251 18<sup>th</sup> Avenue

MAY - 4 2001

Saturday, May 19, 2001; 12:00 p.m.,  
Southeast Community Facility, 1800 Oakdale Avenue\*

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Tuesday, May 22, 2001, 6:30 p.m.,  
Sunset Recreation Center, 2201 Lawton Street

Wednesday, May 23, 2001; 7 p.m.,  
George Moscone Elementary School, 2576 Harrison Street

Wednesday, May 30, 2001; 5:30 p.m.,  
Tenderloin Police Station, 301 Eddy Street

Thursday, May 31, 2001, 6:30 p.m.,  
Newcomer High School, 2340 Jackson Street

If a quorum of the Finance Committee members are not present, Supervisor Mark Leno will hold a town hall meeting for the purpose of receiving community input on the City and County of San Francisco 2001-2002 Budget.

GLORIA L. YOUNG  
Clerk of the Board

Requests for foreign language translation at a meeting must be received by the Clerk of the Board of Supervisors at least 48 hours before the meeting. For meetings on a Monday or a Tuesday, the request must be made by noon of the last business day of the preceding week.

### **Disability Access**

The May 5 special off site meeting of the Finance Committee will be held at the Grace Cathedral, 1100 California Street, between Clay and Taylor Streets. The closest accessible MUNI line serving this location is the #24 Bryant.

The May 8 special off site meeting of the Finance Committee will be held at the Ella Hill Hutch Community Center, 1050 McAllister Street., between Buchanan and Webster Streets. The closest accessible MUNI line serving this location is the #31 Balboa.

The May 12 special off site meeting of the Finance Committee will be held at the James Denman Middle School Auditorium, 241 Oneida Street. The closest accessible BART Station is the Balboa Station, located at Geneva and San Jose Avenues, one block from James Denman Middle School. Accessible MUNI lines serving this location are the J Church, K Ingleside, M Ocean View, #49 Van Ness/Mission, #54 Felton, #29 Sunset, #15 Third and the #43 Masonic.

The May 16 special off site meeting of the Finance Committee will be held at the Stonestown YMCA, Lane Seniors Annex, 3150 20<sup>th</sup> Avenue. The accessible line serving this location is the L-Taraval.

The May 17 special off site meeting of the Finance Committee will be held at the Everett Middle School, 450 Church Street, between 16<sup>th</sup> and 17<sup>th</sup> Streets. The closest accessible BART Station is 16<sup>th</sup> Street, four blocks from the Everet Middle School. The accessible MUNI line serving this location is the J-Church.

The first of two May 19 special off site meetings of the Finance Committee will be held at the Richmond Recreation Center, 251 18<sup>th</sup> Avenue. Accessible MUNI lines serving this location are the #2 Clement and the #38-Geary.

The second May 19 special off site meeting of the Finance Committee will be held at the Southeast Community Facility, at 1800 Oakdale Avenue (at Phelps Street). The closest accessible BART Station is located at 24<sup>th</sup> and Mission Streets. Accessible MUNI lines serving this location are the #23 Monterey and the #44 O'Shaughnessey.

The May 22 special off site meeting of the Finance Committee will be held at the Sunset Recreation Center, 2201 Lawton Street. The closest accessible MUNI line serving this location is the N Judah.

The May 23 special off site meeting of the Finance Committee will be held at the George Moscone Elementary School, 2576 Harrison Street. Accessible lines serving this location are the #12 Folsom and #14 Mission.

The May 30 special off site meeting of the Finance Committee will be held at the Tenderloin Police Station, at 301 Eddy Street. The accessible MUNI line serving this location is the #31 Balboa.

The May 31 special off site meeting of the Finance Committee will be held at Newcomer High School, 2340 Jackson Street. The accessible MUNI line serving this locations is the #12 Folsom.

All meeting locations are wheelchair accessible.

For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of meeting sites.

The following services are available when requested at least 48 hours before the meeting:

For American Sign Language interpreters, use of a reader during a meeting, or sound enhancement system, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706. The Clerk of the Board's Office TTY number for speech-hearing impaired is (415) 554-5227. In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

### **Know Your Rights Under the Sunshine Ordinance**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall; by mail to Clerk of the Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at [Donna\\_Hall@ci.sf.ca.us](mailto:Donna_Hall@ci.sf.ca.us)

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.ci.sf.ca.us/bdsupvrs/sunshine.htm>



FINANCE COMMITTEE  
S.F. BOARD OF SUPERVISORS  
CITY HALL, ROOM 244  
1 DR. CARLTON GOODLETT PLACE  
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library  
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City and County of San Francisco  
Meeting Minutes  
Finance Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

*Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez*

*Clerk: Gail Johnson*

Wednesday, May 09, 2001

10:00 AM

City Hall, Room 263

**Regular Meeting**

**Members Present:** Mark Leno, Aaron Peskin, Matt Gonzalez.

**MEETING CONVENED**

*The meeting convened at 10:10 a.m.*

**010667 [Airport Lease Agreement Modification for United Airlines, Inc.]**

Resolution approving Lease Modification Number Fifteen for Lease No. 82-0126 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission) 4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

5/2/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport. Continued to May 9, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport; Edward Harrington, Controller.*

*Continued to May 23, 2001.*

**CONTINUED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010723 [Branch Library General Obligation Bond Issuance]**

Resolution providing for the issuance of not to exceed \$105,865,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Branch Library Facilities Improvement Bonds, 2000); authorizing the execution, authentication and registration of said Bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds. (Mayor)

4/18/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Karen Riddle, Mayor's Office of Public Finance.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010724 [Branch Library General Obligation Bond Sale]**

Resolution authorizing and directing the sale of not to exceed \$17,665,000 City and County of San Francisco General Obligation Bonds (Branch Library Facilities Improvement Bonds, 2000) Series 2001E; prescribing the form and terms of said Bonds, authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the official statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds. (Mayor)

4/18/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Susan Hildreth, City Librarian; Harvey Rose, Budget Analyst.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010443 [Reserved Funds, Fire Department]**

Hearing to consider release of reserved funds, Fire Department (fiscal year 2000-01 budget) in the amount of \$750,000 for retirement payouts. (Fire Department)

3/9/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Paul Tabacco, Acting Chief of Department, Fire Department; Christine Ragan, Fire Department.*

*Release of funds in the amount of \$750,000 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010520 [Appropriation, funding the land use and environmental reviews in South of Market and Mission District and neighborhood planning in Balboa Park]**

Ordinance appropriating \$1,979,143 from surplus Planning Department fee revenue to fund land use studies and environmental reviews in South of Market (SOMA) and Mission District areas, neighborhood planning measures in Balboa Park, computer aided architectural presentations of large developments, and the creation of four (4) positions at the Planning Commission for fiscal year 2000-01. (Controller)

(Fiscal impact; Companion measure to File 010521.)

3/22/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director, Planning Department; Edward Harrington, Controller; Ena Aguirre; Steve Kawa, Mayor's Office.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance appropriating \$1,900,000 from surplus Planning Department fee revenue to fund land use studies and environmental reviews in South of Market (SOMA) and Mission District areas, neighborhood planning measures in Balboa Park, computer aided architectural presentations of large developments; for the Planning Commission for fiscal year 2000-2001, placing \$585,000 on reserve. (Controller)

(Fiscal impact; Companion measure to File 010521.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010521 [Public Employment]**

Ordinance amending Ordinance No. 181-00 (Annual Salary Ordinance, 2000/01) reflecting the creation of four new positions in City Planning. (Human Resources Department)

(Fiscal impact.)

3/22/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director of Planning; Ena Aguirre; Edward Harrington, Controller; Steve Kawa, Mayor's Office.*

**TABLED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010677 [Appropriation, Office of Contract Administration]  
Mayor**

Ordinance appropriating \$334,000 from the Wage and Health Care Accessibility Reserve to fund salaries, fringe benefits, materials and supplies, and professional services for the Office of Contract Administration fiscal year 2000-2001.

(Fiscal impact; Companion measure to File 010678.)

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Kawa, Mayor's Office; Judith Blackwell, Director of Purchasing; Severin Campbell, Budget Analyst's Office; Stan Warren, San Francisco Building Trades Council; Rick Browning, Vice President, Building Trades Council; Dwayne Jones, Executive Director, Young Community Developers; Bob Boileau, Vice President, San Francisco Labor Council; Dennis Lawler, Painters Local 4; Tim Paulsen, Organizing Director, SEIU, Local 87; Bill Fiore, Local 21; Jason Fraser, Carpenters Local 22.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance appropriating \$129,667 from the Wage and Health Care Accessibility Reserve to fund salaries, fringe benefits, materials and supplies, and professional services for the Office of Contract Administration fiscal year 2000-2001.

(Fiscal impact; Companion measure to File 010678.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010678 [Public Employment]  
Mayor**

Ordinance amending Ordinance No. 181-00 (Annual Salary Ordinance, 2000/01) reflecting the creation of fourteen new positions in Administrative Services, Office of Contract Administration.

(Fiscal impact.)

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Kawa, Mayor's Office; Judith Blackwell, Director of Purchasing; Severin Campbell, Budget Analyst's Office; Stan Warren, San Francisco Building Trades Council; Rick Browning, Vice President, Building Trades Council; Dwayne Jones, Executive Director, Young Community Developers; Bob Boileau, Vice President, San Francisco Labor Council; Dennis Lawler, Painters Local 4; Tim Paulsen, Organizing Director, SEIU, Local 87; Bill Fiore, Local 21; Jason Fraser, Carpenters Local 22.*

**AMENDED.**

Ordinance amending Ordinance No. 181-00 (Annual Salary Ordinance, 2000/01) reflecting the creation of seven new positions in Administrative Services, Office of Contract Administration.

(Fiscal impact.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010257 [Reserved Funds, Mayor's Office of Economic Development]**

Hearing to consider release of reserved funds, Mayor's Office of Economic Development (fiscal year 2000-01 budget), in the amount of \$13 million to cover grants to community-based organizations, as well as costs incurred by the City for administration of the grant program in coordination with the Department of the Environment. (Mayor)

4/11/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the April 25, 2001 meeting.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Maxwell; David Assmann, Deputy Director, Department of the Environment; Mr. Shaw, Department of the Environment; Mitchell Katz, M.D., Director of Health, Department of Public Health; Helen Baloff; Gary Floyd; John Vaccos; Alex Lantsberg, Arc Ecology; Dwayne Jones, Executive Director, Young Community Developers; Vickie Peet, Trust for Public Land; Ollie Verges; Ena Aguirre; Steve Moss, M Qued.*

*Release of funds in the amount of \$9,615,121 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010686 [Lease amendment, Theatre Bay Area]**

**Supervisor Leno**

Resolution approving and authorizing a First Amendment to Lease with Theatre Bay Area, a California nonprofit public benefit corporation, related to certain ticket kiosk premises located on Union Square, San Francisco, allowing for the lessee to vacate the original ticket kiosk premises, relocate temporarily to other premises and consent to the demolition of the original kiosk improvements; and authorizing and ratifying the execution and delivery by the General Manager of the Recreation and Park Department of the First Amendment and any related documents, and the taking of such actions by said General Manager as may be necessary in furtherance of this resolution.

4/16/01, REFERRED FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA AT THE NEXT BOARD MEETING.

4/23/01, SEVERED FROM FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA. Supervisor Peskin requested this item be severed so it could be considered separately.

4/23/01, REFERRED to Finance Committee. Supervisor McGoldrick requested that this matter be referred to committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Elizabeth Goldstein, General Manager, Recreation and Park Department; Kate Fulton, Theater Bay Area.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

## **ADJOURNMENT**

*The meeting adjourned at 2:00 p.m.*



25  
/01  
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 3, 2001

DOCUMENTS DEPT.

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: May 9, 2001 Finance Committee Meeting

MAY - 7 2001

SAN FRANCISCO  
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Item 1 - File 01-0667

Note: This item was continued by the Finance Committee at its meeting of May 2, 2001.

Department: Airport

Item: Resolution approving Lease Modification Number 15 for Lease No. 82-0126 between United Air Lines, Inc. (United), and the City and County of San Francisco, acting by the through the Airport Commission.

Lessor: City and County of San Francisco

Lessee: United Airlines, Inc.

Term of Lease: July 1, 1981 through June 30, 2011, with no option to renew.

Effective Date of

Lease Modification: June 1, 2001 or upon occupancy of said areas if the Board of Supervisors has approved the lease and occupancy occurs prior to June 1, 2001.

Description: Under Lease and Use Agreement No. 82-0126 (Agreement) dated July 1, 1981, by and between the City and County of San Francisco and United Air Lines, Inc., as previously amended and approved by the Board of

BOARD OF SUPERVISORS  
BUDGET ANALYST



Supervisors, United leases from the Airport approximately 442,444 square feet of exclusive use space in the North Terminal of the San Francisco International Airport. The Agreement was last amended and approved by the Board of Supervisors in November of 1999 (File 99-1852) for the purpose of relocating United's international flights to the new International Terminal and the completion of United's new automated baggage system.

According to Ms. Dorothy Schimke of the Airport, over the past approximately 8 years, air passenger traffic in the North Terminal had increased so significantly it had severely strained the existing concession and airline operations space. Therefore, in 1998 the Airport undertook a program to expand Boarding Area "F" of the North Terminal, adding approximately 49,973 square feet of airline operations space under the lease with United (see Attachment I, provided by the Airport).

The purpose of the proposed Lease Modification No. 15 is (1) to account for the increase of approximately 49,973 square feet of exclusive use space in the North Terminal used by United Airlines for the expansion of Boarding Area "F"; and, (2) the decrease of approximately 462 square feet of United's exclusive use space from the International Terminal, which had been erroneously included by the Airport in Modification No. 14, previously approved by the Board of Supervisors, as both United's exclusive use space and as joint use space (see Comment 4). Joint use space is defined as airline rental space in a facility owned by the Airport which is leased to more than one airline for the shared use of all airlines sharing that space. Ms. Schimke advises that the subject approximately 462 square feet is correctly included in the International Terminal as joint use space because the space is leased to more than one airline for shared use whereas all applicable airlines pay their share of the rent for that space.

Comments:

1. According to Ms. Schimke, the increase of approximately 49,973 square feet of exclusive use space in the North Terminal for United would result in the increase of annual rental to the Airport of \$5,013,433, as shown in the table below, based on the rental rates in effect from February 1, 2001. Ms. Schimke advises that

this increase represents a 15% increase in United's rent for the North Terminal. Ms. Schimke states that rental rates are based on the Airport's Rates and Charges for Airlines, which are adjusted each July 1 by the Airport using the rates and charges methodology prescribed in the Lease and Use Agreements, as previously approved by the Board of Supervisors, and contained in Attachment II, provided by the Airport. Ms. Schimke notes that the rental rates in effect from July 1, 2000 were updated on February 1, 2001 due to a revenue shortfall primarily from the delayed opening of the International Terminal.

2. According to Ms. Schimke, Modification No. 15 of the subject Agreement adds space to United's North Terminal leasehold following the completion of the expansion of Boarding Area "F" in the following categories:

| <u>Category</u> | <u>Description</u>  |
|-----------------|---|
| I               | Gate Holdroom Space   |
| II              | New Red Carpet Club and Mezzanine Offices located above the flight departure level. |
| III             | Enclosed Space located below the flight departure level.                            |
| IV              | Miscellaneous Mechanical Space  |
| V               | Unenclosed Storage  |

The approximately 49,973 square feet will be added under the United lease in the following five categories of space:

| North Terminal Building |   |               |                        |                            |                         |                            |                            |
|-------------------------|---|---------------|------------------------|----------------------------|-------------------------|----------------------------|----------------------------|
| Category                | Annual Rent<br>per Sq Ft by<br>Category | Current Sq Ft | Current<br>Annual Rent | Proposed Sq<br>Ft Increase | Annual Rent<br>Increase | Total<br>Proposed<br>Sq Ft | Anticipated<br>Annual Rent |
| I                       | \$ 154.78                               | 62,572        | \$ 9,684,894           | 552                        | \$ 85,439               | 63,124                     | \$ 9,770,333               |
| II                      | 116.09                                  | 85,703        | 9,949,261              | 35,242                     | 4,091,244               | 120,945                    | 14,040,505                 |
| III                     | 77.40                                   | 65,613        | 5,078,446              | 9,484                      | 734,062                 | 75,097                     | 5,812,508                  |
| IV                      | 38.69                                   | 211,191       | 8,170,980              | 1,293                      | 50,026                  | 212,484                    | 8,221,006                  |
| V                       | 15.48                                   | 17,365        | 268,810                | 3,402                      | 52,663                  | 20,767                     | 321,473                    |
| Total                   |   | 442,444       | \$ 33,152,392          | 49,973                     | \$ 5,013,433            | 492,417                    | \$ 38,165,825              |

3. Ms. Schimke advises that the building expansion of Boarding Area "F", including the subject 49,973 square feet of space for United, was substantially completed in November of 2000. United is currently constructing its tenant improvements in the North Terminal, which are expected to be completed by late Summer of 2001. Therefore, United has not yet begun to occupy the subject 49,973 additional square feet. According to Ms. Schimke, the proposed Modification No. 15 will become effective on June 1, 2001 or upon United's occupancy of the subject additional 49,973 square feet, whichever is earlier, in accordance with the latest established rates as of February 1, 2001.

4. Ms. Schimke states that Modification No. 14, previously approved by the Board of Supervisors, erroneously included approximately 462 square feet of exclusive use Category III or Enclosed space in the International Terminal. Ms. Schimke advises that the inclusion of the subject approximately 462 square feet of exclusive use Category III space for United was an administrative error. According to Ms. Schimke the approximately 462 square feet of space is properly defined as joint use space in the International Terminal and not as exclusive use space. Ms. Schimke advises that all rental rates are the same whether classified as exclusive use space or joint use space. Regarding this 462 square feet in the International Terminal which, according to Ms. Schimke, United was erroneously charged twice by the Airport, as both exclusive use space and joint use space, the Airport will still receive, on an annual basis, \$35,759 for the subject approximately 462 square feet under joint use space, of which United will pay its proportionate share of the rent. The Airport proposes to refund the portion of the rent paid twice by United. This refund is estimated to be \$15,506 for the exclusive use space for the period from December 10, 2000, when United took joint use occupancy of the subject square footage until approval of this legislation by the Board of Supervisors and the Mayor. June 1, 2001 was used as the basis for the calculation of the \$15,506 based on the estimated date of final approval of this resolution. If approval of this renovation is finalized prior to June 1, 2001 then United would be refunded less than \$15,506.

5. Given the reduction in the annual revenues of \$35,759 for the approximately 462 square feet of exclusive use Category III space in the International Terminal that United was being charged by the Airport and the increase in annual revenue to be paid by United for the additional 49,973 square feet of exclusive use space of \$5,013,433 from the expansion of Boarding Area "F" in the North Terminal, the total net annual increase in rent revenues payable by United to the Airport is estimated to be \$4,977,674 (\$5,013,433 less \$35,759). Ms. Schimke advises that the rental rates beginning in July 1, 2001 are anticipated to be higher than the rates currently being charged.

6. The proposed resolution does not include language for the deletion of approximately 462 square feet exclusive use space in the International Terminal which had been charged to United.

7. Based on the inquires of the Finance Committee at its meeting of May 2, 2001, Mr. John Martin, Airport Director, provided a memorandum (Attachment III) pertaining to the Airport's policy of initiating rental charges at the time of beneficial occupancy.

**Recommendations:**

1. Amend line fifteen of the proposed resolution to account for the deletion of approximately 462 square feet of exclusive use space in the International Terminal by adding, "and deletion of approximately 462 square feet of the International Terminal as exclusive use space," in accordance with Comment 6 above.

2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

FROM SFIA DEPT. OF AVIATION MGMT. (650) 821 4535 (WED) 4.25.01

**AIRPORT COMMISSION  
SAN FRANCISCO INTERNATIONAL AIRPORT  
CITY AND COUNTY OF SAN FRANCISCO**

**MEMORANDUM**

**TO:** Budget Analyst

**DATE:** April 24, 2001

**FROM:** Dorothy Schimke

**Airport Rates and Charges**

**Background**

In 1979 a number of airlines filed suit to litigate certain complaints against the City, including an allegation that Airport revenues were being unlawfully diverted to the City's General Fund. (Federal law prohibits the expenditure of airport revenues for non-airport purposes.) In early 1980 the City and the airlines that were parties to the suit entered into settlement negotiations that resulted in a detailed Settlement Agreement and an Airline-Airport Lease and Use Agreement ("the LU"). Provisions for a substantial restructuring of the financial operation of the Airport, including the methodology for calculating Airport Rates and Charges, were incorporated into the LU as part of the Settlement Agreement.

**Calculation of Rates and Charges**

In general, the airlines are obligated to pay terminal building rental rates and landing fees in amounts that, when included with all other Airport revenues, will be sufficient to cover all annual Airport costs. Rates are adjusted annually. Terminal rate adjustments are based on the average cost per square foot of providing, maintaining and operating the terminal building areas.

A simplified outline of the methodology for calculating Airport terminal rents is as follows:

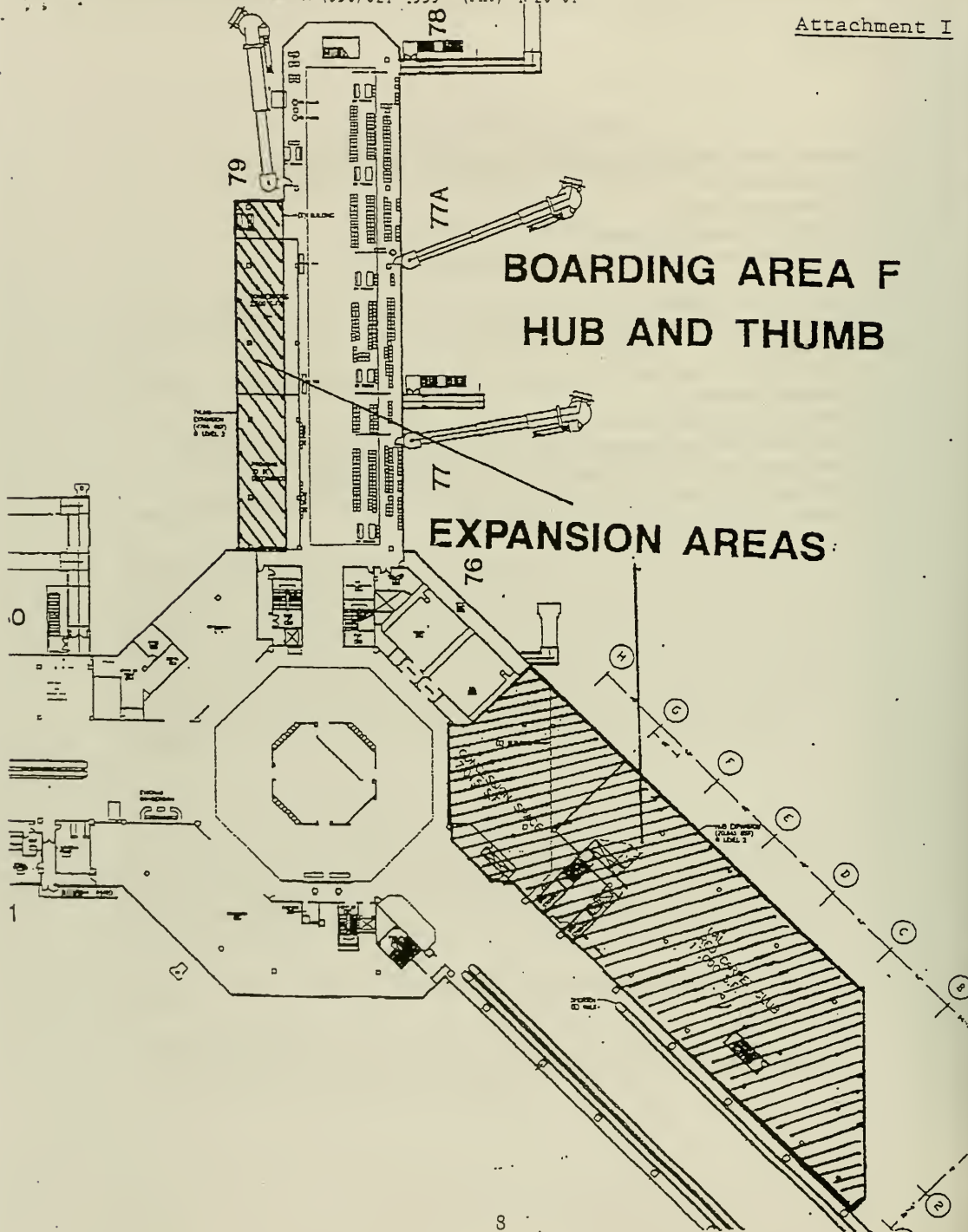
1. **Expense Forecasting.** Airport forecasts its expenses, including both operating and capital expenses, for the upcoming fiscal year.



Budge Analyst  
April 24, 2001  
Page 2

2. **Revenue Forecasting.** Airport forecasts its non-airline terminal revenues for the upcoming fiscal year.
  - Concession revenues
  - Rents from non-airline tenants
  - Other revenues (e.g., interest on unexpended capital funds)
1. **Annual Service Payment.** 15% of Concession revenues goes to City's general fund as compensation for indirect services to the Airport.
2. **Calculation.**
  - Non-airline revenues (net of Annual Service Payment) are set off against projected expenses.
  - Remainder (expenses that are not covered by non-airline revenues) is divided by the total square feet of terminal space rented by airlines to determine average rent per square foot, which is then apportioned into five rate categories.
  - The higher the number of square feet rented to airlines, the lower the effective rental rate required to recover the terminal costs.







San Francisco International Airport

May 3, 2001

Honorable Mark Leno  
 Chair, Finance Committee  
 Board of Supervisors  
 City and County of San Francisco  
 1 Dr. Carlton B. Goodlett Place  
 City Hall, Room 244  
 San Francisco, CA 94102-4689

P.O. Box 8097  
 San Francisco, CA 94128  
 Tel 415.821.5000  
 Fax 415.821.5005  
 www.sfoairport.com

Dear Supervisor Leno:

I am writing to address the issue raised by Supervisor Peskin about the Airport's policy of initiating rental charges at the time of beneficial occupancy.

First, please know that the Airport Commission has a long-standing policy of providing a "level playing field" for all business tenants in our facilities. This "beneficial occupancy rental policy" is one of those level field issues. Since the implementation of the Lease and Use Agreement in 1981, no tenant, be it airline or concession, has paid rent prior to the operation of their business. This is a standard at airports across the country.

All leases at the Airport contain a clause that stipulates that when a lease terminates those improvements made by the tenant at the outset of their lease become the property of the City and County of San Francisco. The Commission believes that it is fair businesses practice to not "double charge" the tenant as he or she spends considerable money to meet our high standards of tenant improvement. With respect to the lease modifications being considered by the Finance Committee, United Airlines will spend over a million dollars to improve the space. These improvements will belong to the City and County of San Francisco at the termination of the lease in 2011.

To charge United Airlines for rent during this construction period will result in a policy of charging all tenants during future construction periods. I have a concern that this could hamper our endeavor to attract new international carriers and dissuade small concessionaires from bidding on future rental leases.

Thank you for your consideration. I stand ready to discuss this matter with you further.

Very truly yours,

John E. Martin  
 Airport Director

cc: Members, Finance Committee



Departments: Mayor's Office of Public Finance  
Public Library

Items: Item 2, File 01-0723 is a resolution providing for the issuance of not to exceed \$105,865,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Branch Library Facilities Improvement Bonds, 2000); authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts relating thereto; ratifying certain actions previously taken; and granting general authority to City Officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

Item 3, File 01-0724 resolution authorizing and directing the sale of not to exceed \$17,665,000 in City and County of San Francisco General Obligation Bonds (Branch Library Facilities Improvement Bonds, 2000), Series 2001E; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts relating thereto; approving the forms of the Official Notice of Sale and the Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to the documents; ratifying certain actions previously taken; and granting general authority to City Officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

Amount:

| Description   | Amount        |
|---|---------------|
| Item 11, File 01-0723<br>Authorization for the <u>Issuance</u> of Branch<br>Library Facilities Improvement Bonds  | \$105,865,000 |
| Item 12, File 01-0724<br>Authorization for the <u>Sale</u> of the Initial Series of<br>the above Branch Library Facilities<br>Improvement Bonds, Series 2001E | \$17,665,000  |

Description:

On November 7, 2000 San Francisco voters approved Proposition A, Branch Library Facilities Improvement Bonds, which authorized the City to issue up to \$105,865,000 in General Obligation Bonds to (1) rehabilitate, renovate, and improve 19 existing Branch Libraries; (2) acquire land and construct four new Branch Libraries currently housed in leased facilities; (3) construct one new Branch Library in the Mission Bay neighborhood; (4) rehabilitate Brooks Hall for the Public Library's use; and, (5) development of a system-wide administrative support center. Attachment I, provided by the Public Library, contains a list and the estimated costs of all of the proposed projects. Total estimated project costs are \$118,265,000. Attachment I also contains the funding sources including the subject Branch Library Facilities Improvement Bonds of \$105,865,000.

File 01-0723 would authorize the issuance as well as establish the general terms and procedures for the issuance of the \$105,865,000 in Branch Library Facilities Improvement Bonds.

File 01-0724 would authorize the sale of the initial series (Series 2001E) of the subject bonds, in an aggregate principal amount of up to \$17,665,000. Upon sale of the subject bonds, the remaining amount of unsold bonds would equal \$88,200,000, which would be subject to subsequent approval of the Board of Supervisors.

File 01-0723

The proposed resolution would authorize the issuance of an aggregate principal amount not to exceed \$105,865,000 of Branch Library Facilities Improvement Bonds, 2000 for

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



the acquisition, rehabilitation, renovation, improvement, construction and reconstruction of certain improvements and renovations to 24 Branch Libraries and to the Public Library's System-Wide Support Center/Brooks Hall.

General provisions regarding the proposed issuance of the Branch Library Facilities Improvement Bonds are as follows:

- The bonds shall be divided into various series, as authorized by the Board of Supervisors.
- Property Taxes collected to pay debt service on the bonds would be deposited in a special account, which would be created specifically for this purpose.
- The proceeds of the sale of the bonds would be deposited into a Project Account, maintained by the City Treasurer, and would be applied exclusively to the projects approved under the subject Bond.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest and principal payments.
- The Board of Supervisors may, by resolution, authorize and direct the sale of any series of bonds to provide for the defeasance (is either the full repayment of the bonds or the advance refunding of bonds by placement of sufficient funds in an escrow account with sufficiently high quality investments to meet future debt service requirements) of such series bonds.

File 01-0724

The proposed resolution would authorize and direct the sale of the initial series of the Branch Library Facilities Improvement Bonds, Series 2001E, in a principal amount not to exceed \$17,665,000. The proposed resolution would also approve the form and terms of the documents and official notices related to the sale, and authorize City officials to take various actions necessary to carry out the sale of bonds.



General provisions in the subject resolution regarding the sale of the bonds are as follows:

- The sale of the bonds is tentatively scheduled for June 14, 2001.
- According to Ms. Karen Ribble in the Mayor's Office of Public Finance, the bonds would be sold at an interest rate not to exceed 12 percent per year and would have a final maturity of no later than June 15, 2026. However, the bonds will have a term of 20 years; the difference would allow for any possible delay in the sale of such bonds. Ms. Ribbble advises that June 15, 2021 is the anticipated maturity date of the subject bonds.
- An official statement describing the proposed bonds is referenced in the proposed resolution for approval by the Board of Supervisors and is contained in File 01-0724. The official statement would be available to all potential bidders for the bonds.
- Bonds would be awarded to the bidder whose bid represents the lowest total interest cost to the City.

As noted above, the total \$105,865,000 in Branch Library Facilities Improvement Bonds will be used to rehabilitate, renovate, and improve 19 existing Branch Libraries and acquire land and construct four new Branch Libraries currently housed in leased facilities; construct one new Branch Library in the Mission Bay neighborhood; rehabilitate Brooks Hall for the Public Library's use; and develop a system-wide administrative support center. A list of the Branch Libraries is shown in Attachment I. The four new Branch Libraries to be constructed are the Glen Park, the Ingleside, the Portola and the Visitacion Valley Branch Libraries. According to Mr. George Nichols of the Public Library, rehabilitation and renovation of the 19 existing branch libraries includes seismic upgrades, improved disability access, mitigation of hazardous materials, modernizing and upgrading of building systems, and other improvements. Mr. Nichols advises that to replace the four branch libraries currently housed in leased facilities, the Public Library will assess sites,

acquire land, and design and construct the buildings. The estimated costs for the projects are included in the total project costs of \$118,265,000 as shown in Attachment I. Mr. Nichols states that the Public Library is working on a potential partnership with the Redevelopment Agency to place the proposed Mission Bay Branch Library with a senior housing development that is being planned. Improvements to Brooks Hall and development of a system-wide administrative support center are also provided for by the bond measure, according to Mr. Nichols.

Mr. Nichols advises that the construction and improvements of the Branch Libraries will occur over a ten-year period. As shown in Attachment I, the \$118,265,000 in total project costs will be funded with (a) the subject \$105,865,000 in Branch Library Facilities Improvement Bond Funds; (b) \$2,400,000 in Earthquake Safety Program II (ESP II) funds; and (c) \$10,000,000 in State Proposition 14<sup>1</sup> funds which will be awarded to libraries statewide on a competitive basis.

According to Mr. Nichols, under File 01-0724, the \$17,665,000 to be sold, in Branch Library Facilities Improvement Bonds, Series 2000E, will be used for (1) the architectural and engineering planning and design for the first five branch library improvement projects, including the Marina, Noe Valley, Parkside, Richmond, and Visitacion Valley Branch Libraries; (2) the acquisition of land for the four branch libraries currently housed in leased facilities, including Visitacion Valley, Glen Park, Portola, and Ingleside Branch Libraries; (3) the build-out of the Mission Bay Branch Library; and, (4) the planning and design of Brooks Hall.

**Budget:**

The Public Library proposes to expend the estimated \$17,665,000 (File 01-0724) in proceeds from the Branch Library Facilities Improvement Bonds, Series 2001E, as follows:

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<sup>1</sup> Proposition 14, approved by the voters in March of 2000, provides \$350 million of State-wide funds for library construction projects, which is available on a competitive basis, and requires a 35 percent local match.

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

|                                      |                |
|--------------------------------------|----------------|
| Program Management                   | \$1,138,000    |
| Architectural &                      |                |
| Engineering Plan and Design Services | 8,796,815      |
| Site Acquisition Fees & Services     | 1,646,000      |
| Site Acquisition                     | 5,834,000      |
| Bond Issuance Costs                  | <u>250,000</u> |
| Total                                | \$17,664,815   |

Mr. Nichols advises that the cost noted above are based on preliminary estimates. Attachment II, provided by the Public Library, contains budget details to support the summary budget.

Comments:

1. According to Ms. Ribble, based on current market estimates as of April 16, 2001, the overall effective interest rate on the bonds would be approximately 5.27%. Under those circumstances, it is estimated that the proposed sale of bonds in the amount of \$17,665,000 would result in a total debt service (from June 14, 2001 through June 15, 2021) of approximately \$28,956,000, including the principal amount of \$17,665,000 and interest payments of \$11,291,000 with an estimated average annual debt service over the estimated 20-year life of the bonds of \$1,447,800.

2. Ms. Ribble states that the proposed sale of the total of \$105,865,000 in General Obligation bonds (File 01-0723), assuming that the bonds would be sold in 8 series with an interest rate between six and seven percent, would result in total interest costs of approximately \$89,886,860, and total debt service of approximately \$195,751,860 (\$105,865,000 in principal costs plus \$89,886,860 in interest) over the life of the Library Facilities Improvement bonds. Ms. Ribble states that each series would have a 20-year life.

3. According to Ms. Ribble, the proposed Series 2001E sale of General Obligation Bonds in the amount of \$17,665,000 would result in an increase in the Property Tax rate of approximately \$0.001865 per \$100 of assessed value. At that rate, the owner of a single-family residence assessed at \$400,000 would pay approximately \$7.46 in additional Property Taxes annually due to the issuance of these bonds.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

4. Ms. Ribble states that the cost of selling \$17,665,000 Series 2001E, including fees for outside bond counsel, financial advisors, financial printing, advertising, and the services of the Mayor's Office of Public Finance, the Treasurer's Office, the Controller's Office and City Attorney, are expected to be approximately \$250,000, or approximately 1.42 percent of the total value of the bonds issued in the amount of \$17,665,000. Attachment III, provided by the Mayor's Office of Public Finance, details the bond issuance costs.

5. The City's General Obligation Bond debt capacity is limited to three percent of the City's net assessed property value. According to Ms. Ribble, the City's total General Obligation debt capacity is currently \$2,329,486,170 or three percent of an estimated net assessed property value of \$77,649,539,270 for FY 2000-2001.

As of May 1, 2001, the City has \$961,740,000 in outstanding general obligation bond debt. The City will make principal payments totaling \$45,005,000 on June 15, 2001 resulting in a reduced outstanding principal amount of \$916,735,000 as of June 30, 2001. File 01-0666, which authorizes the sale of \$40,000,000 in General Obligation bonds to finance the development of housing affordable to low-income households and down-payment assistance to low-and moderate-income first-time home buyers was recommended for approval by the Finance Committee on May 2, 2001. If those bonds are approved by the Board of Supervisors, together with the subject File 01-0724, the City will have \$974,400,000 (\$916,735,000 plus the \$40,000,000 under File 01-0666 plus the subject General Obligation bonds of \$17,665,000) in General Obligation bond debt outstanding, and \$1,355,086,170 in General Obligation bonding capacity remaining (\$2,329,486,170 less \$974,400,000). The City's bonding capacity varies from time to time as a result of paying off previously issued bonds, issuance of new bonds and changes in the City's assessed valuation.

6. All of the proceeds from the sale of the \$17,665,000 in General Obligation Bonds will be subject to appropriation

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

approval by the Board of Supervisors in the FY 2001-2002  
budget of the Public Library.

**Recommendation:** Approve the proposed resolutions.



| BRANCHES   | Year<br>Opened | PROGRAM            |                    |                             |                               |                       | ESTIMATED COSTS |  |           |                     | Totals      |
|--|----------------|--------------------|--------------------|-----------------------------|-------------------------------|-----------------------|-----------------|--|-----------|---------------------|-------------|
|  |                | Seismic<br>Upgrade | Disabled<br>Access | Building<br>Code<br>Impacts | Modernization<br>Improvements | Facility<br>Expansion | New<br>Building | Rehabilitation,<br>Improvement &<br>Relocation | Expansion | Site<br>Acquisition |             |
| Anza   | 1932           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,160,000                                      | 880,000   |                     | \$5,040,000 |
| Bayview-A.E. Warden                                    | 1969           |                    | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,480,000                                      | 810,000   |                     | \$4,290,000 |
| Bernal   | 1940           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 5,020,000                                      | 490,000   |                     | \$5,510,000 |
| Eureka Valley  | 1961           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,050,000                                      | 820,000   |                     | \$4,870,000 |
| Excelsior  | 1967           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,930,000                                      |           |                     | \$4,930,000 |
| Glen Park  | Rental         |                    |                    |                             |                               |                       |                 |  |           | 1,790,000           | \$4,780,000 |
| Golden Gate Valley                                     | 1918           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,940,000                                      | 730,000   |                     | \$5,670,000 |
| Ingliside  | Rental         |                    |                    |                             |                               |                       |                 |  |           | 1,790,000           | \$4,910,000 |
| Marina   | 1954           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,790,000                                      | 890,000   |                     | \$4,680,000 |
| Merced   | 1958           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,590,000                                      | 880,000   |                     | \$4,470,000 |
| Mission Bay  |                |                    |                    |                             |                               |                       |                 |  |           | 3,000,000           | \$3,000,000 |
| Nor Valley   | 1916           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,230,000                                      | 660,000   |                     | \$4,890,000 |
| North Beach  | 1959           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,190,000                                      | 500,000   |                     | \$3,690,000 |
| Ortega   | 1956           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,300,000                                      | 760,000   |                     | \$4,060,000 |
| Park   | 1909           |                    |                    |                             | ✓                             |                       |                 | 1,410,000                                      |           |                     | \$1,410,000 |
| Parkside   | 1951           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,080,000                                      |           |                     | \$3,080,000 |
| Portola  | Rental         |                    |                    |                             |                               |                       |                 |  |           | 1,790,000           | \$4,910,000 |
| Potrero  | 1951           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,050,000                                      | 740,000   |                     | \$4,790,000 |
| Presidio   | 1921           |                    |                    |                             | ✓                             |                       |                 | 1,640,000                                      |           |                     | \$1,640,000 |
| Richmond   | 1914           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 6,090,000                                      | 2,620,000 |                     | \$8,710,000 |
| Sunset   | 1918           |                    |                    |                             | ✓                             |                       |                 | 1,610,000                                      |           |                     | \$1,610,000 |
| Visitation Valley                                      |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| West Portal  | Rental         |                    |                    |                             |                               |                       |                 |  |           | 2,110,000           | \$3,450,000 |
| Western Addition                                       | 1939           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 4,310,000                                      | 370,000   |                     | \$4,680,000 |
| System-wide Support Center/<br>Brooks Hall             | 1966           | ✓                  | ✓                  | ✓                           | ✓                             | ✓                     |                 | 3,660,000                                      |           |                     | \$3,660,000 |
|  |                |                    | ✓                  | ✓                           | ✓                             | ✓                     |                 | 9,910,000                                      |           |                     | \$9,910,000 |
| COSTS  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| Project Costs  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| Financing Costs  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| TOTAL PROJECT COSTS                                    |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| \$ 80,440,000 \$ 11,150,000 \$ 7,480,000 \$ 16,280,000 |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| \$ 115,350,000   |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| 2,915,000  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| \$118,265,000  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| FUNDING  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| Anticipated State Funds (Proposition 14)               |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| Earthquake Safety Program II (ESP II) Funds            |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| Total Bond - BRANCH LIBRARY IMPROVEMENTS               |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| \$10,000,000   |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| 2,400,000  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| 105,865,000  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |
| \$118,265,000  |                |                    |                    |                             |                               |                       |                 |  |           |                     |             |

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FISCAL YEAR 2001-02  
BRANCH LIBRARY FACILITIES IMPROVEMENT BOND

|                                  | Marina       | Noe          | Parkside   | Richmond     | Visitation Valley | Mission Bay | Glen Park    | Portola      | Ingleside    | Adm Support Center | TOTAL         |
|----------------------------------|--------------|--------------|------------|--------------|-------------------|-------------|--------------|--------------|--------------|--------------------|---------------|
| Program Management               | \$ 137,000   | \$ 145,000   | \$ 88,000  | \$ 253,000   | \$ 109,000        | \$ 111,000  | \$ -         | \$ -         | \$ -         | \$ 295,000         | \$ 1,138,000  |
| A/E/C Services                   | \$ 1,076,333 | \$ 1,122,778 | \$ 710,519 | \$ 2,005,148 | \$ 785,444        | \$ 822,333  | \$ -         | \$ -         | \$ -         | \$ 2,274,259       | \$ 8,796,815  |
| Construction                     | \$ -         | \$ -         | \$ -       | \$ -         | \$ -              | \$ -        | \$ -         | \$ -         | \$ -         | \$ -               | \$ -          |
| Site Acquisition                 | \$ -         | \$ -         | \$ -       | \$ -         | \$ 1,646,000      | \$ -        | \$ 1,396,000 | \$ 1,396,000 | \$ 1,396,000 | \$ -               | \$ 5,834,000  |
| Site Acquisition Fees & Services | \$ -         | \$ -         | \$ -       | \$ -         | \$ 464,000        | \$ -        | \$ 394,000   | \$ 394,000   | \$ 394,000   | \$ -               | \$ 1,646,000  |
| Subtotal                         | \$ 1,213,333 | \$ 1,267,778 | \$ 798,519 | \$ 2,258,148 | \$ 3,004,444      | \$ 933,333  | \$ 1,790,000 | \$ 1,790,000 | \$ 1,790,000 | \$ 2,569,259       | \$ 17,414,815 |
| Bond Issuance Costs              |              |              |            |              |                   |             |              |              |              | \$ 250,000         | \$ 250,000    |
| Total                            |              |              |            |              |                   |             |              |              |              |                    | \$ 17,664,815 |

**NOTES:**

**A/E/C SERVICES:** \$8,797 million for architectural and engineering plan and design services for the Marina, Noe Valley, Parkside, Richmond, and Visitation Valley Branch Library renovation projects scheduled for construction beginning in January 2003 (FY 2002-03); and for the Mission Bay Branch Library and the Administrative Support Center projects. Also includes funds for environmental reviews and reports, blueprints, permits, and fees. Represents approximately 32 percent of total project costs.

**PROGRAM MANAGEMENT SERVICES:** \$1,138 million for program management services provided by the Department of Public Works, the Public Library, and other City agencies. Represents approximately 3 percent of total project costs.

**LAND/SITE ACQUISITION:** \$5,834 million to purchase land for siting the Visitation, Glenn Park, Portola, and Ingleside Branch Libraries. These branch libraries are currently housed in leased buildings. Includes funds for site clearance and preparation.

**LAND ACQUISITION SERVICE FEES:** \$1,646 million for site acquisition services and fees. Includes funds for appraisal fees (2.4%), environmental studies (12.2%), relocation benefits (80.8%), and Department of Real Estate staff costs (4.6%).

**Cost of Issuance Breakdown**

|  |            |
|--|------------|
| Bond Counsel Fees (incl. Expenses) <sup>1</sup>      | 55,000.00  |
| Financial Advisor Fees (incl. Expenses) <sup>2</sup> | 34,250.00  |
| City Staff   | 90,000.00  |
| POS/OS Printing                                      | 14,000.00  |
| Rating Fees <sup>3</sup>                             | 23,750.00  |
| Advertising (Bond Buyer and other)                   | 7,000.00   |
| Contingency  | 26,000.00  |
|  | 250,000.00 |

<sup>1</sup> Brown and Wood and Law Office of Pamela S. Jue

<sup>2</sup> Causeway Financial Consulting and Montague DeRose and Associates

<sup>3</sup> Moody's, S&P and Fitch



Item 4 - File 01-0443

**Department:** Fire Department

**Item:** Hearing to consider the release of reserved Fire Department funds in the amount of \$750,000 to fund retirement pay-outs.

**Amount:** \$750,000

**Source of Funds:** FY 2000-2001 Fire Department budget.

**Description:** As part of the final FY 2000-2001 budget, the Board of Supervisors appropriated \$2,249,170 from the General Fund to the Fire Department for retirement pay-outs. Retirement pay-outs, included as part of the retroactive salaries account, comprise lump sum payments which compensate eligible Fire Department employees for accumulated unused sick leave, compensatory time, and vacation time at the time of their retirement or separation from the department. The amount included in the Fire Department's original FY 2000-2001 budget of \$2,249,170 was \$750,000 more than the amount funded in the FY 1999-2000 budget. Because the Fire Department did not provide sufficient detail or historical expenditure data to explain the increase in budgeted retirement pay-out expenditures, the Board of Supervisors placed the additional \$750,000 on reserve pending submission by the Fire Department of additional expenditure details.

**Budget:** The Fire Department's expenditure analysis for FY 2000-2001 retirement pay-outs in the total amount of \$2,249,170 is shown on the following page:

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

| <u>Expenditure Category</u>                               | <u>Amount</u>  | <u>Subtotal</u> | <u>Average</u> |
|---|----------------|-----------------|----------------|
| 40 retirement pay-outs incurred as of 02/16/01            | \$1,405,836    |                 | \$35,146       |
| Other retroactive salary pay-outs incurred as of 02/16/01 | <u>253,942</u> |                 |                |
| <i>Incurred payments subtotal:</i>                        |                | \$1,659,778     |                |
| Six pending retirement pay-outs                           | 302,688        |                 | 50,448         |
| Other pending retroactive salary pay-outs                 | <u>19,577</u>  |                 |                |
| <i>Pending payments subtotal:</i>                         |                | <u>322,265</u>  |                |
| Incurred and pending payments subtotal:                   |                | 1,982,043       |                |
| Up to 16 additional retirement pay-outs                   | <u>267,127</u> |                 | 16,695         |
| <i>Balance subtotal:</i>                                  |                | <u>267,127</u>  |                |
| <i>Grand total:</i>                                       |                | \$2,249,392     |                |

**Comments:**

1. Ms. Christine Ragan of the Fire Department advises that, as of February 16, 2001, the Fire Department's FY 2000-2001 General Fund expenditures for retirement pay-outs were \$1,405,836 for 40 retirement pay-outs, at an average cost of approximately \$35,146 per retired employee. In addition, the Fire Department has expended \$253,942 on retroactive salary pay-outs related to (a) 13 employees who had retired in FY 1999-2000, (b) two deaths, (c) three resignations, (d) two automatic resignations<sup>1</sup>, (e) two separations<sup>2</sup>, and (f) one dismissal.

The pay-outs incurred as of February 16, 2001 total \$1,659,778, or approximately 73.8 percent of the total budget of \$2,249,392 for retroactive salary pay-outs. The unreserved portion of the revised FY 2000-2001 budget for retroactive salaries is \$1,499,392 (\$2,249,392 less the subject reserve of \$750,000). Year-to-date expenditures of \$1,659,778 are \$160,386 more than the currently available unreserved funds of \$1,499,392.

<sup>1</sup> Absence without leave for five or more days is considered an automatic resignation per Civil Service Rule 322.

<sup>2</sup> "Separations" is a general category per Civil Service Rule 322 comprising resignations, automatic resignations, and dismissals. A notice is sent to the employee detailing the specific reason(s) for termination.

2. The Fire Department has expended \$253,942 for vested pay-outs related to accumulated unused (a) sick leave, vacation, and compensatory time for 13 retirements in FY 1999-2000, (b) two deaths, (c) three resignations, (d) two automatic resignations, (e) two separations, and (f) one dismissal. Of this amount, \$193,462, or approximately 76.2 percent, funded the accumulated unused vested sick leave, vacation and compensatory time payments related to 13 retirements which occurred in late FY 1999-2000. A delay between an employee's retirement date and the Fire Department's issuance of a check for vested sick leave and vacation pay is routine, and can take between one and two months, according to Ms. Ragan. Ms. Ragan states that the Controller's Office charges all vested pay-outs related to employees leaving City service to the retroactive salaries account.

In addition, the Fire Department is expecting to expend \$19,577 on (a) the correction of a prior pay-out, due to the use of the wrong rate of pay in calculating that pay-out, and (b) a resignation of an employee.

3. The Fire Department is anticipating up to an additional 22 retirement pay-outs to be made during FY 2000-2001. Six of these retirements are already pending at a total cost of \$302,688, or \$50,448 per retired employee<sup>3</sup>. As shown in the table above, a balance of \$267,127 is available to cover the costs of the remaining potential 16 retirements<sup>4</sup> (22 less 6 pending). This would only provide an average of \$16,695 per pay-out. Ms. Ragan also notes that the recent death of a Fire Department staff member will also activate a pay-out from the retroactive salary budget.

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<sup>3</sup> A Classification H-22 Lieutenant retired on December 30, 2000 (\$75,387), a Classification H-30 Captain retired on January 31, 2001 (\$56,285), a Classification H-1 Paramedic retired on February 3, 2001 (\$14,855), a Classification H-30 Captain retired on February 22, 2001 (\$52,824), a Classification H-2 Firefighter retired on March 1, 2001 (\$17,616), and a Classification H-30 Captain retired on March 17, 2001 (\$85,721) for total costs of \$302,608.

<sup>4</sup> Four retired in March of 2001, four retired in April of 2001, five are expected to retire between May 5-26, 2001, and three are expected to retire on June 30, 2001.



4. Although the Fire Department is estimating that potential retirements during the remainder of the current Fiscal Year could result in expenditures that may exceed the budget for such retirement pay-outs, the department does not anticipate a need for a supplemental appropriation for such expenditures at this time.

5. The Budget Analyst notes that, as stated above, a delay between an employee's retirement date and the Fire Department's issuance of a check for vested accumulated unused sick leave, vacation time and compensatory time is routine, and can take between one and two months. Therefore, some of the anticipated expenditures for such pay-outs may be charged to the FY 2001-2002 budget, further alleviating the potential need for additional funds for retirement pay-outs.

6. As shown in the table above, the Fire Department has fully accounted for its FY 2000-2001 budget of \$2,249,392, including the subject requested reserved funds of \$750,000, for retirement pay-outs and other pay-outs including accumulated unused sick leave, vacation and compensatory time. This \$750,000 request is therefore adequately justified.

**Recommendation:** Approve the proposed release of reserved funds.

Items 5 and 6 - Files 01-0520 and 01-0521

Department: Department of City Planning

Items: File 01-0520: Ordinance appropriating \$1,979,143 of surplus City Planning Department fee revenue to fund: (a) land use studies and environmental reviews in the South of Market (SOMA) and Mission areas to be conducted by outside consulting firms, (b) implementation of continued neighborhood planning measures in Balboa Park to be conducted by outside consulting firms, (c) the retention of outside consulting firms to develop computer-aided architectural presentations of large developments, and, (d) the creation of four new positions in the City Planning Department.

File 01-0521: Ordinance amending the Annual Salary Ordinance for Fiscal Year 2000-2001 (Ordinance No. 181-00) reflecting the creation of four new positions in the City Planning Department.

Amount: \$1,979,143

Source of Funds: Surplus City Planning Department fee revenue for Fiscal Year 2000-2001 from the Downtown Control Exception Fee, the Environmental Review Fee and the Annual Limit Competition Fee (See Comment No. 1 below). Attachment III, provided by the Planning Department, explains the nature of these fees.

Descriptions: File 01-0520:

The proposed ordinance would approve a \$1,979,143 supplemental appropriation of surplus City Planning Department fee revenue, including \$1,900,000 for outside consulting contracts and \$79,143 for four new positions, to fund the Department of City Planning (Planning Department) for: (a) land use studies and environmental reviews in the South of Market (SOMA) and Mission areas to be conducted by outside consulting firms, (b) continued neighborhood planning measures in Balboa Park to be conducted by outside consulting firms, (c) the retention of outside consulting firms to develop computer-aided architectural presentations of large developments,

and, (d) the creation of four new positions in the City Planning Department, including three permanent positions and one exempt Special Assistant position, as discussed further below.

Mr. Costolino Hogan of the Planning Department advises that the proposed supplemental appropriation would fund planning studies, which would form the basis for proposals to replace existing interim zoning controls in the South of Market (SOMA) and Mission areas with permanent zoning controls. Mr. Hogan advises that the interim zoning controls were first implemented in August of 1999 and are set to expire in August of 2001. Such proposals for permanent zoning controls would be recommended by Planning Department staff and would eventually be subject to approval by the Planning Commission and the Board of Supervisors. Mr. Hogan advises that the planning studies would incorporate analyses of land use, transportation, urban design and the real estate market. Mr. Hogan advises that the proposed supplemental appropriation would also expand planning studies the Planning Department is currently completing on the Balboa Park area.

The proposed supplemental appropriation would allow the Planning Department to expand existing consulting contracts to complete neighborhood planning studies for the South of Market (SOMA) and Mission areas, as well as expand work currently being completed on the Balboa Park area. The Planning Department selected these neighborhoods in order to address the significant growth each has experienced in recent years and in response to concerns voiced by San Francisco residents to the Planning Department about such growth, according to Mr. Hogan.

South of Market (SOMA) and Mission Areas (\$1,500,000) & Neighborhood Planning Measures in Balboa Park (\$300,000), for a total of \$1,800,000

According to Mr. David Alumbaugh of the Planning Department, the Planning Department is requesting a total of \$1,800,000 to fund one new consulting contract and to modify four existing consulting contracts to expand

land use studies of Balboa Park (\$300,000) and to provide land use studies for the South of Market (SOMA) and Mission areas (\$1,500,000). However, Mr. Hogan advises that the Planning Department may undergo additional Request for Proposal processes, instead of expanding existing consulting contracts, if the existing outside consulting firms do not have the capacity to complete the additional work. Mr. Alumbaugh advises that of the \$1,500,000, approximately \$750,000 will be used for SOMA and \$750,000 will be used for the Mission area. The Planning Department will use the information gained from these studies to guide future policy and decision-making, according to Mr. Alumbaugh.

The Planning Department proposes to expand existing contracts in a total amount of \$1,800,000 as follows:

a) Public Outreach (\$200,000): On April 4 2000, the Planning Department selected O'Rorke Public Relations, through a Request for Proposals (RFP) process, for a contract in the amount of \$250,000 to assist the Department in establishing a community planning process and conducting public outreach for the Planning Department's Better Neighborhoods Program, initiated in 1999. The proposed supplemental appropriation would provide an additional \$200,000 to expand the existing contract of \$250,000 with O'Rorke Public Relations, for a total contract amount of \$450,000. Mr. Alumbaugh advises the expanded contract would allow O'Rorke Public Relations to work with Planning Department staff and community members in the SOMA and Mission areas to develop and conduct a community-based, public planning process that ensures the participation of the various communities in the SOMA and Mission areas. Mr. Alumbaugh advises that O'Rorke Public Relations completed its existing \$250,000 contract with the City in April of 2001. If the subject supplemental appropriation were approved, O'Rorke Public Relations would be expected to complete the expanded contract by July of 2003, according to Mr. Alumbaugh.

b) Urban Design (\$540,000): On September 28, 2000, the Planning Department selected EDAW, Inc., through an RFP process, to complete urban design, planning and

Geographic Information System (GIS) services for the development of the Balboa Park area for a contract amount of \$250,000. The proposed supplemental appropriation would provide an additional \$540,000 to expand the existing \$250,000 contract with EDAW, Inc., for a total contract amount of \$790,000. Mr. Alumbaugh advises the expanded contract would allow EDAW, Inc to expand its work in the Balboa Park area (\$140,000) and complete urban design, planning and Geographic Information System (GIS) services for the SOMA and Mission Areas (\$400,000). Mr. Alumbaugh advises that EDAW, Inc. is expected to complete its existing contract with the City by July of 2001. If the subject supplemental appropriation were approved, EDAW, Inc would be expected to complete the expanded contract by July of 2003, according to Mr. Alumbaugh.

c) Transportation Planning (\$300,000): On September 28, 2000, the Planning Department selected Nelson/Nygaard, through an RFP process, to complete transportation planning for the Balboa Park area, as well as for other neighborhoods under the Better Neighborhoods Program, for a contract amount of \$400,000. Such transportation planning includes the development of public transit, pedestrian and traffic plans. The proposed supplemental appropriation would provide an additional \$300,000 to expand the existing \$400,000 contract with Nelson/Nygaard, for a total contract amount of \$700,000. Mr. Alumbaugh advises that the expanded contract would allow Nelson/Nygaard to expand its work in the Balboa Park area (\$100,000) and to provide transportation planning for the SOMA and Mission areas (\$200,000). Mr. Alumbaugh advises that Nelson/Nygaard is expected to complete its existing contract with the City by October of 2001. If the subject supplemental appropriation were approved, Nelson/Nygaard would be expected to complete the expanded contract by July of 2003, according to Mr. Alumbaugh.

d) Economic and Real Estate Analysis (\$260,000): On September 28, 2000 the Planning Department selected Strategic Economics through a Request for Proposals (RFP) process to complete economic and real estate planning for the Balboa Park area, for a contract amount



of \$250,000. The proposed supplemental appropriation would provide an additional \$260,000 to expand the existing \$250,000 contract with Strategic Economics, for a total contract amount of \$510,000. Mr. Alumbaugh advises the expanded contract would allow Strategic Economics to expand its work on the Balboa Park area (\$60,000) and to provide economic and real estate planning for the SOMA and Mission areas (\$200,000). Mr. Alumbaugh advises that Strategic Economics is expected to complete its existing contract with the City by July of 2001. If the subject supplemental appropriation were approved, Strategic Economics would be expected to complete the expanded contract by July of 2003, according to Mr. Alumbaugh.

e) Environmental Planning (\$500,000): Mr. Alumbaugh advises that the Planning Department has not yet selected a consultant to complete the Environmental Planning in the SOMA and Mission areas (See Comment No. 5). An amount of \$500,000 is being requested for this project.

Attachment II, provided by the Planning Department, describes in further detail each of the existing contracts and the proposed expansion of such contracts. Mr. Alumbaugh advises that the Planning Department does not have sufficient staff to complete such long-term neighborhood planning studies with City employees.

Contract for Architectural Presentations (\$100,000)

The proposed supplemental appropriation would provide \$100,000 to retain outside consulting firms to produce computer-aided three dimensional (3-D) architectural presentations that the Planning Department would be able to use for detailed analysis of large-scale development projects. Mr. Hogan advises the Planning Department would use such 3-D presentations to provide the Planning Commission and the public with visual representations of how larger projects will look and affect their surrounding area. Mr. Hogan advises that the Planning Department does not plan to issue an RFP to select firms to provide such computer services to the Planning Department. Instead, the Planning Department plans to use the subject \$100,000 for a trial period of one



year, during which time the Planning Department would select a variety of firms on a sole source basis to complete different computer demonstration projects, ranging from \$5,000 to \$9,000 each at a total estimated cost of \$100,000 (See Comment No. 7). Mr. Hogan advises that such a trial period would allow the Planning Department to explore the different forms of technology available, as well as determine which Planning Department projects would most benefit from computer demonstrations.

**Creation of Four New Positions (\$79,143)**

The proposed supplemental appropriation would provide \$79,143 (File 01-0520) to fund four new Planning Department positions, for the period from April 1, 2001 through June 30, 2001, to be established by the proposed ordinance amending the Annual Salary Ordinance (File 01-0521), as discussed below.

**File 01-0521:**

The proposed amendment to the Annual Salary Ordinance would create the following four new positions in the Planning Department.

| No. of FTE Positions | Class | Title  | Step 1 Biweekly (Annual) | Step 5 Biweekly (Annual) |
|----------------------|-------|--|--------------------------|--------------------------|
| 1.0                  | 1823  | Sr. Administrative Analyst                         | \$2,194<br>(57,044)      | \$2,666<br>(69,316)      |
| 1.0                  | 5298  | Environmental Planner III                          | 2,209<br>(57,434)        | 2,679<br>(69,654)        |
| 1.0                  | 5291  | Planner III  | 2,209<br>(57,434)        | 2,679<br>(69,654)        |
| 1.0                  | 1370  | Special Assistant 11                               | 2,226<br>(57,876)        | 2,706<br>(70,356)        |
| 4.0                  |       | <b>Total Annual Salary Costs</b>                   | <b>\$229,788</b>         | <b>\$278,980</b>         |
|                      |       | Annual Mandatory Fringe Benefits<br>(@ 25 percent) | 57,447                   | 69,745                   |
| 4.0                  |       | <b>Total Annual Costs</b>                          | <b>\$287,235</b>         | <b>\$348,725</b>         |

As shown in the above table, the annual cost of hiring the four proposed new positions would range from \$287,235 (Step 1) to \$348,725 (Step 5), including Salaries and Mandatory Fringe Benefits. Attachment I, provided by

the Planning Department, contains a job description and justification for each of the four proposed new positions. In summary, according to the Planning Department, three of the four proposed new positions (1823 Senior Administrative Analyst, Environmental Planner III, and Planner III) are needed to support the proposed expanded neighborhood planning efforts discussed above.

The Planning Department is requesting the fourth proposed new position (1370 Special Assistant 11) to serve as an aide to the Director of Planning and the Zoning Administrator, by serving as the Planning Department's liaison to the Board of Supervisors. As shown in Attachment I, the Planning Department states that the "...new Board of Supervisors based on district elections has now created a climate where legislators regularly expect reliable and timely communication in regard to complex land issues in very specific parts of the City." The proposed new 1370 Special Assistant 11 would represent the Planning Department at Board of Supervisors meetings and committee hearings, as well as be available to address specific meetings and requests from the Board of Supervisors, as stated in Attachment I.

According to Mr. Hogan, the Director of Planning and the Zoning Administrator have been attending all of the necessary Board of Supervisors meeting and hearings themselves, as well as overseeing the Planning Department's response to Board of Supervisors' requests. As shown in Attachment I, the Planning Department states that spending such time responding to Board of Supervisors requests has reduced the amount of time the Planning Director and the Zoning Administrator have available to oversee the implementation of Planning Department policies. Attachment I also states that the Planning Department is requesting a 1370 Special Assistant 11 position, as opposed to using an existing Civil Service classification, because the Planning Department has not been able to find a permanent Civil Service classification that "...includes in its list of duties the responsibilities outlined above, namely direct assistance to top management as well as standing as a liaison to the Board of Supervisors." (See Comment No. 4).

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

**Budget:** A budget for the \$1,979,143 supplemental appropriation, for the period from April 1, 2001 through June 30, 2001, is as follows:

| Expense   | Amount             |
|---|--------------------|
| <b>Personnel (based on the Fourth Quarter of FY 2000-2001)</b>                |                    |
| 1823 Sr. Administrative Analyst   | \$13,433           |
| 5298 Environmental Planner III  | 17,340             |
| 5291 Planner III  | 17,340             |
| 1370 Special Assistant 11 (See Comment No. 4)                                 | 15,200             |
| <b>Subtotal Salaries</b>  | <b>\$63,313</b>    |
| Fringe Benefits (@ approximately 25 percent of Salaries)                      | 15,830             |
| <b>Subtotal Personnel</b>   | <b>\$79,143</b>    |
| <b>Expanded Contracts for Neighborhood Planning</b>                           |                    |
| <b>SOMA &amp; Mission Areas</b>   |                    |
| <u>Public Outreach</u>  |                    |
| Professional Fees: 1,500 hours @ \$100/hr                                     | 150,000            |
| Expenses (33.3 percent of fees - See Comment No. 8)                           | 50,000             |
| <b>Subtotal Public Involvement</b>  | <b>\$200,000</b>   |
| <u>Urban Design</u>   |                    |
| Professional Fees: 3,250 hours @ \$100/hr, 500 hours @ \$90/hr                | 370,000            |
| Expenses (8.1 percent of fees - See Comment No. 8)                            | 30,000             |
| <b>Subtotal Urban Design</b>  | <b>\$400,000</b>   |
| <u>Transportation Planning</u>  |                    |
| Professional Fees: 1,800 hours @ \$100/hr                                     | 180,000            |
| Expenses (11.1 percent of fees - See Comment No. 8)                           | 20,000             |
| <b>Subtotal Transportation Planning</b>                                       | <b>\$200,000</b>   |
| <u>Economic &amp; Real Estate Analysis</u>                                    |                    |
| Professional Fees: 1,850 hours @ \$100/hr                                     | 185,000            |
| Expenses (8.1 percent of fees - See Comment No. 8)                            | 15,000             |
| <b>Subtotal Economic &amp; Real Estate Analysis</b>                           | <b>\$200,000</b>   |
| <u>Environmental Planning</u>   |                    |
| (Contractor not yet selected - See Comment No. 5)                             | 500,000            |
| <b>Subtotal SOMA &amp; Mission Areas</b>                                      | <b>\$1,500,000</b> |
| <b>Balboa Park</b>  |                    |
| <u>Urban Design</u>   |                    |
| Professional Fees: 920 hours @ \$100/hr, 360 hours @ \$90/hr                  | 124,400            |
| Expenses (12.5 percent of fees - See Comment No. 8)                           | 15,600             |
| <b>Subtotal Urban Design</b>  | <b>\$140,000</b>   |
| <u>Transportation Planning</u>  |                    |
| Professional Fees: 950 hours @ \$100/hr                                       | 95,000             |
| Expenses (5.3 percent of fees - See Comment No. 8)                            | 5,000              |
| <b>Subtotal Transportation Planning</b>                                       | <b>\$100,000</b>   |
| <u>Economic &amp; Real Estate Analysis</u>                                    |                    |
| Professional Fees: 585 hours @ \$100/hr                                       | 58,500             |
| Expenses (2.6 percent of fees - See Comment No. 8)                            | 1,500              |
| <b>Subtotal Economic &amp; Real Estate Analysis</b>                           | <b>\$60,000</b>    |
| <b>Subtotal Balboa Park</b>   | <b>\$300,000</b>   |
| <b>Subtotal Neighborhood Planning Contracts</b>                               | <b>\$1,800,000</b> |
| <b>Contracts for Computer Architectural Presentations (See Comment No. 7)</b> | <b>100,000</b>     |
| <b>Total Proposed Supplemental Appropriation</b>                              | <b>\$1,979,143</b> |

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

**Comments:**

1. As stated above, the Planning Department plans to fund the proposed supplemental appropriation of \$1,979,143 with surplus City Planning Department fee revenue from the Downtown Control Exception Fee, the Environmental Review Fee and the Annual Limit Competition Fee. The Planning Department included in its Fiscal Year 2000-2001 budget estimated City Planning Department fee revenue of \$7,696,372. According to Mr. Matthew Hymel of the Controller's Office, the Planning Department is now estimated to realize approximately \$10,000,000 in City Planning Department fee revenues for Fiscal Year 2000-2001, which is \$2,303,628, or 29.9 percent, more than the previously budgeted amount of \$7,696,372. Mr. Hogan advises that the Planning Department is projected to earn approximately 29.9 percent more than originally budgeted for revenues due to a variety of large-scale developments generating additional Planning Department fee revenues. Mr. Hymel advises that the Controller's Office has determined that the Planning Department will likely continue to realize such additional City Planning Department fee revenues in future years.

2. The Budget Analyst questions why the Planning Department is requesting the proposed supplemental appropriation in May of 2001, or one month before the Board of Supervisors will begin its Year 2001-2002 budget review process. Mr. Hogan advises that the Planning Department first submitted a request to the Mayor's Office for the proposed supplemental appropriation on February 23, 2001, and the subject request was introduced to the Board of Supervisors on April 2, 2001. Nevertheless, the Budget Analyst notes that this request is now being considered on May 9, 2001, one month prior to the start of the Fiscal Year 2001-2002 budget review by the Finance Committee. According to Ms. Erin McGrath, of the Mayor's Budget Office, the Mayor's Office received a request from the Planning Department to fund unmet, new and growing planning needs, in conjunction with projections included in the Controller's Fiscal Year 2000-2001 six-month Budget Status Report, issued February 7, 2001, which identified additional Planning Commission revenues. Ms. McGrath states: "The needs identified in the supplemental have been identified through Planning



Commission meetings, input by the new members of the Board of Supervisors, and other means such as planning staff attendance at community meetings. Waiting for the budget process would mean that the Department would have to wait until September and October to address these pressing City needs, which seems like an unnecessary delay, given that this funding that is available right now and is specifically designated for planning uses."

3. Mr. Hogan advises that the Planning Department plans to hire the proposed four new positions by May 31, 2001. Given the proximity of this hiring date to the annual budget review process in June of 2001 for Fiscal Year 2001-2002, and despite the fact that the new positions would be funded with Planning Department fee revenues and not the General Fund, the Budget Analyst recommends disapproval of three of the four proposed positions (1823 Senior Administrative Analyst, Environmental Planner III, and Planner III) so that these three proposed new positions may be considered within the context of the Planning Department's entire budget request for Fiscal Year 2001-2002. The budget includes both General Fund and fee revenues. As a result, the proposed supplemental appropriation should be reduced by \$60,143 (including \$48,113 in Salaries and \$12,030 in Mandatory Fringe Benefits).

4. The Budget Analyst does not consider the Planning Department's request for the fourth new position, a 1370 Special Assistant 11, to be sufficiently justified. Furthermore, the Planning Department failed to request the required approval of the proposed new Special Assistant position from the Department of Human Resources (DHR) as either an exempt or a provisional position. Therefore, the Budget Analyst recommends disapproval of the proposed new 1370 Special Assistant 11 position. As a result, the proposed supplemental appropriation should be reduced by an additional \$19,000 (including \$15,200 in Salaries and \$3,800 in Mandatory Fringe Benefits). On an annual basis, this would reduce the Planning Department's request by an amount ranging from \$60,102 (Step 1) to \$73,062 (Step 5).

5. The Budget Analyst notes that the Planning Department has not yet selected a firm to complete the Environmental Planning in the SOMA and Mission Areas. Therefore, the proposed \$500,000 budgeted for Environmental Planning should be placed on reserve, pending selection of a contractor and submission to the Finance Committee of budget details, including the estimated number of hours and the hourly rates. Mr. Hogan advises that the Planning Department plans to undergo a Request for Proposals (RFP) process and select a contractor by approximately the end of June of 2001.

6. In Attachment IV, provided by the Planning Department, the Planning Department explains why during the RFP process the Planning Department selected three firms with existing contracts with the Planning Department, which the Planning Department is now proposing to expand. The Planning Department is now proposing to expand such existing contracts with the subject supplemental appropriation. The three firms include EDAW, Inc., Nelson/Nygarrd, and Strategic Economics. Additionally, according to Mr. Hogan, the Planning Department selected O'Rorke Public Relations on April 4, 2000 through a competitive RFP process. Mr. Hogan advises that a total of two firms submitted proposals for the Public Relations contract, including O'Rorke Public Relations. Mr. Hogan advises that the Planning Department selected O'Rorke Public Relations based on stronger capabilities in public outreach and public relations, its understanding of the proper role between public planners and the community, its understanding of the need for an "advertising campaign" for the program, and its greater understanding of the need for planning coupled with effective public outreach. As previously noted, the contract with O'Rorke Public Relations would also be expanded.

7. As stated previously, the proposed supplemental appropriation would provide \$100,000 to retain firms to produce computer-aided three dimensional (3-D) architectural presentations that the Planning Department would be able to use for more detailed analysis of large-scale development projects. However, Mr. Hogan advises that the Planning Department does not plan to issue an RFP to select firms to provide such



computer services to the Planning Department. Instead, the Planning Department plans to select consulting firms on a sole source basis in order to allow the Planning Department to explore the different forms of technology available, as well as determine which Planning Department projects would most benefit from computer demonstrations. The Budget Analyst recommends that the \$100,000 to be used to hire computer consulting firms to create 3-D architectural presentations be placed on reserve, pending selection of contractors and submission to the Finance Committee of budget details, including the estimated number of hours and the hourly rates.

8. Regarding the estimated consultant's expenses, which, as shown in the above budget, range from 2.6 percent to 33.3 percent of professional fees, Mr. Alumbaugh advises that:

- a) Expenses include items such as printing, postage, graphic design, reproduction, reprographics, mail-house services, courier service and delivery services, which are not covered by standard labor billing rates. Expense estimates are taken from the percentage of expenses as compared to total contract amount in the existing contracts.
- b) Expenses do not include travel. All firms are local, so travel costs are minimal. Travel costs are borne by each consultant as part of the standard overhead costs included in its labor billing rates.
- c) The variation in expense percentages is due to the different tasks each of the consultants is to perform. As an example, the public involvement consultant contract must cover postage, mail-house services, address services, reproduction, graphic design, and the like.

**Recommendations:**

- 1. Disapprove the request for three new positions of 1823 Senior Administrative Analyst, Environmental Planner III, and Planner III so that these three proposed new positions may be considered within the context of the Planning Department's entire budget request for Fiscal Year 2001-2002. As a result, reduce the proposed supplemental appropriation by \$60,143 (including

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

\$48,113 in Salaries and \$12,030 in Mandatory Fringe Benefits), in accordance with Comment No. 3 above.

2. Disapprove the request for a new 1370 Special Assistant 11 due to insufficient justification. As a result, reduce the proposed supplemental appropriation by an additional an additional \$19,000 (including \$15,200 in Salaries and \$3,800 in Mandatory Fringe Benefits), in accordance with Comment No. 4 above.

3. Reserve the \$500,000 budgeted for Environmental Planning in the SOMA and Mission Areas, pending selection of a contractor and submission to the Finance Committee of budget details, including the estimated number of hours and the hourly rates, in accordance with Comment No. 5 above.

4. Reserve the \$100,000 budgeted to hire firms to create 3-D architectural presentations, pending selection of contractors and submission of budget details to the Finance Committee, including the estimated number of hours and the hourly rates, in accordance with Comment No. 7 above.

5. In summary, implementation of the Budget Analyst's recommendations would reduce this supplemental appropriation request by \$73,143, from \$1,979,143 to \$1,900,000. The proposed ordinance should be amended to make the following reductions:

| Line No. | Item   | Requested Amount | Recommended Revised Amount | Increase (Decrease) |
|----------|--|------------------|----------------------------|---------------------|
| 15       | Permanent Salaries<br>(for the Planner III)  | \$17,340         | 0                          | (\$17,340)          |
| 17       | Fringe Benefits  | 4,336            | 0                          | (4,336)             |
| 19       | Permanent Salaries<br>(for the Environmental Planner III)                              | 17,340           | 0                          | (17,340)            |
| 20       | Fringe Benefits  | 4,336            | 0                          | (4,336)             |
| 22       | Permanent Salaries<br>(for the Special Assistant 13 and<br>Sr. Administrative Analyst) | 28,633           | 0                          | (28,633)            |
| 23       | Fringe Benefits  | 7,158            | 0                          | (7,158)             |
|          | <b>Total</b>   | <b>\$79,143</b>  | <b>0</b>                   | <b>(\$79,143)</b>   |

6. Approval of the supplemental appropriation (File 01-0520), as reduced to a total of \$1,900,000 (requested supplemental appropriation of \$1,979,143 less Salaries and Mandatory Fringe Benefits of \$79,143), is a policy decision for the Board of Supervisors.

7. Disapprove the proposed amendment to the Annual Salary Ordinance (File 01-0521) to establish four new Planning Department positions.



# PLANNING DEPARTMENT

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PLANNING COMMISSION  
FAX: 558-6409

ADMINISTRATION  
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CURRENT PLANNING/ZONING  
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LONG RANGE PLANNING  
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## MEMORANDUM

**DATE:** April 18, 2001

**TO:** Emilie Neuman  
Budget Analyst Office  
San Francisco Board of Supervisors

**FROM:** Gerald Green, Director  
San Francisco Planning Department

**RE:** Increase Position Authority to result in Supplemental Funding in FY 2000-2001

### BACKGROUND

In November of 2000 the citizens of San Francisco voted on several propositions related to governmental management. Of these measures two in particular directly related to the future of physical development. These were Propositions K and L. Each proposition had potential fiscal impact on the role of the San Francisco Planning Department as the agency that manages the prudent use of land.

Neither proposition passed. However the issues the measures attempted to address remain. The Department has submitted to the Mayor's Office of Finance and to your office a proposal to authorize appropriations with the strict purpose of addressing these land use planning issues. The following is justification for the augmentation in Department staffing needed to implement the proposal.

### ISSUE

The Department now proposes administering advance planning efforts to replace existing interim zoning controls, which expire August 2001. These controls will affect areas that are currently industrial zoning districts and are focused in the South of Market area (SOMA), Mission District, Showplace Square area and near Pacific Bell Park. Developing these permanent controls will involve engaging in large-scale public outreach and conducting economic and urban design studies. Zoning alternatives must receive appropriate environmental reviews before they can be adopted as final policy for future growth of San Francisco.

Similar preliminary efforts presently being implemented by the Department in the Balboa Park neighborhood will continue.

ITEM

The Department is requesting augmentation in staffing to begin in the last quarter of the 2000-2001 Fiscal Year.

Three positions will be directly assigned to implement the new Department work assignments described above.

The long range planning work items described will mirror community based planning efforts the Department is now implementing in the Hayes Valley and Central Waterfront area of San Francisco through the "Better Neighborhood 2002" program.

This program was originally organized during the development of the FY 1999-2000 budget to devote six (6) full time equivalent (FTE) positions, five planners and one clerical person and \$900,000 in contract funding annually toward completing land-use plans for two neighborhoods in San Francisco.

In the past months the Department has received request from various neighborhoods groups to implement specific area studies in other areas. Some work has begun in Balboa Park. The Balboa Park neighborhood was chosen because the Department felt that the area had transportation nodes that were under utilized. The studies in Balboa Park were initiated with a \$177,000 grant provided by the Federal Highway Administration in FY1999-2000. For FY 2000-2001 former Supervisor Amos Brown provided \$300,000 to continue the studies in the area. This funding has paid consultants to conduct the various community outreach and analysis in the area. To date no new staff has been added to deal with expansion of the "Better Neighborhoods 2002" program into Balboa Park.

The following positions are necessary because the expansion of the "Better Neighborhoods 2002" program beyond its initial scope has taken away any marginal staff time that could be devoted to managing the much larger land use studies that will be needed to replace the interim zoning controls in the industrial areas of the eastern portion of the City and County.

#### 5291, Planner III

The Citywide Policy Unit of the Department will need an additional Planner III, 5291 position to oversee the land use, and economic studies that will be conducted in the SOMA and Mission District that will provide background data. After the initial studies then this person will be involve in creating the land use document that must be approved by the Planning Commission and adopted by the Board of Supervisors.

#### 5298, Environmental Planner III

The Department's Major Environmental Analysis Unit of the Department will need an additional Environmental Planner III to manage the subsequent series of large-scale environmental reviews. The breakdowns of the existing environmental review positions in the Department are as follows:

|  |       |
|--|-------|
| 5298 - Planner III, Environmental Review | 7 FTE |
| 5299 - Planner IV, Environmental Review  | 2 FTE |



### 1823, Senior Administrative Analyst/Contracts Coordinator

The process of retaining the necessary consultants to carry on all the studies that provide background for the "Better Neighborhood 2002" program took approximately nine (9) months and monopolized most of the time of the planners who now manage those contracts. These planners are now busy implementing the program and cannot devote energies toward proctoring amended contracts through the City's procurement process that mandates approval from the Human Rights Commission, the Purchasing Department, the City Attorney's Office, the Controller's Office and the Department of Human Resources. The Department proposes that an 1823, Senior Administrative Analyst position be added to its Administrative Unit to be responsible for these duties.

The Department presently does have one (1) Senior Administrative Analyst on staff. That person is the Department's Fiscal Officer whose time is spent creating and negotiating the Department's annual spending plan and work program with the Mayor's Office and Board of Supervisor. This responsibility is addressed while daily monitoring and managing the Department's earnings and spending.

An additional position will aid senior staff in dealing with citywide land-use issues and general affairs before the Board of Supervisors. The position will also be added to the Department's Administration Unit.

### 1370, Special Assistant

A new Board of Supervisors based on district elections has now created a climate where legislators regularly expect reliable and timely communication in regard to complex land use issues in very specific parts of the City. To see to it that this happens, a 1370 Special Assistant position is needed to aid the Director and the Zoning Administrator by serving as the Department's liaison to the Board of Supervisors. This staff person when called upon will stand in for both the Director and the Zoning Administrator at Board of Supervisor meetings and committee hearing. Also the staff person will represent the Director at various community meetings citywide.

Two main issues are being address with this action. The first being that each week the Director and the Zoning Administrator have been called to spend indefinite and varying amounts of time in Board of Supervisor hearings. Time that sometime is needed to direct staff with implementing the policies of the Department. The other issue regards the avoidance of scheduling conflicts. One example being that now the Board of Supervisor Land Use Committee meets at the same time as the Planning Commission. It is impossible for the Director or the Zoning Administrator to appear before the Land Use Committee if called upon.

The Department is proposing using a Special Assistant position because a permanent classification has not been found that includes in its list of duties the responsibilities outlined above, namely direct assistance to top management as well as standing as a liaison to the Board of Supervisors. The Department of Human Resources has not



reviewed this proposed position however the Department plans to work with DHR to create a permanent classification.

The Department presently has only one (1) Special Assistant position in its budget. This is a 1375 Special Assistant XVI. The person in this position serves the dual role of Commission Secretary and Administrator.

### Hiring Plans

The Department believes that if this request for position augmentation is authorized between the dates of April 15 and April 30 then hiring of all four positions being requested can and should occur before the end of the month of May.

Expediting this process is possible due to the fact the Department will have at its disposal the use of established applicant list for selecting new staff. For the 1823 and 5298 positions there are permanent civil service list created by the Department of Human Resources that offer a large universe for contacting and acquiring competent staff. The Department has took the initiative to create an in-house 5291 list to provide a pool of potential staff people. It stands ready to be accessed. With the use of these lists contacting, interviewing and hiring can be completed in three to four weeks.

These requested positions would augment a total present staff of approximately ninety-eight (98) planners. The breakdown is as follows:

|  |                 |
|--|-----------------|
| 5277 - Planner I                         | 5.9 FTE         |
| 5278 - Planner II                        | 22.7 FTE        |
| 5282 - Planner III                       | 2.0 FTE         |
| 5283 - Planner V                         | 7.0 FTE         |
| 5288 - Transit Planner II                | 2.0 FTE         |
| 5289 - Transit Planner III               | 2.3 FTE         |
| 5290 - Transit Planner IV                | 2.0 FTE         |
| 5291 - Planner III                       | 31.0 FTE        |
| 5293 - Planner IV, Transportation        | 14.0 FTE        |
| 5298 - Planner III, Environmental Review | 7.0 FTE         |
| 5299 - Planner IV, Environmental Review  | 2.0 FTE         |
| <b>TOTAL</b>                             | <b>97.9 FTE</b> |

### Funding

It has been proposed by the Mayor's Office of Finance, the Controller's Office and agreed to by the Planning Department, that the expenses associated with the above mention position augmentations and the contract funding accompanying them be paid for with projected surpluses earned by the Planning Department in FY 2000-2001 (*See Attachment "Fiscal Year 2000-2001 DCP Overall Earnings"*).

The present surge in earnings being experienced by the Department can mainly be attributed to large-scale development occurring in the San Francisco area. The bulk of this surplus in revenues comes from higher than expected earnings garnered from conducting environmental reviews of proposed developments, reviewing submittals to San Francisco's Annual Office Limit Competition, and from reviewing large downtown projects (Over 50,000 sq. ft.) that are mandated by the Planning Code to be reviewed by the Planning Commission. The line items reflecting these earnings are rendered in blue on the accompanying attachment.

At the close of March, performing these three activities earned the Department \$2,677,775 approximately 32% of the Department's total revenue to that date for FY 2000-2001. The expectation was that these three items would only earn approximately \$1,660,000 for the whole of FY 2000-2001. Projecting the current actual in these revenue streams shows that the Department can expect to earn approximately \$1.8 million dollars more from these activities than expected.

It is the view of the Department that this surplus is a reflection of a specific time in development history in San Francisco. These development projects being reviewed by the Department are the latest product of a building boom that San Francisco has been experiencing over the last three years.

However these large-scale developments will have ongoing effects on existing municipal infrastructure. Long range planning efforts for the areas surrounding these developments must be implemented so this growth does not in anyway diminish the overall quality of life in the City and County. With this mind the Department agrees wholeheartedly that surplus revenue earned from processing and reviewing these large-scale projects should go to cover the cost of this proposal.

In the wake of surplus earnings the Department does want to address the issue of a reduction in its fee schedule. The Department has investigated the notion of a reduction in its overall fee schedule. A study was commissioned by the consulting firm of DMG Maximus, Inc., in the fall of 1999. The final conclusion was that the Bay Area economy would slow sometime after FY 2000-2001 and therefore reductions would hurt the Department's ability to cover its long term expenses. This led to the relatively small change in the Department budget and fee projections from FY 1999-2000 to FY 2000-2001 (3 percent).

## M E M O R A N D U M

To: Emilie Neumann, Budget Analyst  
From: David Alumbaugh  
Date: May 3, 2001  
RE: Information Request re: Supplemental Appropriation for Balboa Park

In response to the Board of Supervisors Budget Analyst's request, the Planning Department believes that the planning work proposed for consultants for the Balboa Park planning work, which is covered under the supplemental appropriation, would be undertaken most expeditiously if the Department expanded existing contracts of the consultants now under contract for Balboa Park.

- a.) We would proposed to expand existing contracts rather than issue new RFP's because this is continuing work for which consultants are already under contract for earlier phases of the work. These firms were selected through a competitive process, in cooperation with the HRC. In addition, the project is under extremely tight deadlines that cannot be delayed without great consequence.
- b.) The following are the existing contracts to be extended:

| <i>Contract Purpose</i>            | <i>Consultant Firm</i> | <i>Date Selected</i> | <i>Initial Contract Date</i> | <i>Cost of Contract</i> |
|------------------------------------|------------------------|----------------------|------------------------------|-------------------------|
| Transportation Planning            | Nelson/Nygaard         | 9/28/2000            | 10/3/2000                    | \$400,000               |
| Urban Design                       | EDAW, Inc.             | 9/28/2000            | 10/3/2000                    | \$250,000               |
| Economics and Real Estate Analysis | Strategic Economics    | 9/28/2000            | 10/3/2000                    | \$250,000               |

- c.) Neither the supplemental request nor proposed increases to contracts for Balboa Park are anticipated to exceed \$500,000, so no approval of the Board of Supervisors is anticipated.
- d.) Other firms that bid for contracts in Balboa Park:

**Transportation Planning:** Two pre-qualified firms were asked to bid on the work. Nelson/Nygaard was selected because of a more robust work scope, a more solid understanding of the work required to complete the project, and because it understood the proper role of transportation modeling and its benefits to the project.

**Urban Design:** Two pre-qualified firms were asked to bid on the work. EDAW was selected because of its greater depth in preparation of specific plans, its greater understanding of the interrelationships between urban design, transportation, and economics, its greater depth of experience in transit-oriented design and planning, and its more robust work program

**Economics:** Three pre-qualified firms were asked to bid on the work. Strategic Economics was selected because of its stronger capabilities in regional economics, its depth of experience in computer aided planning and data analysis that matched the systems in place in the Planning Department (GIS), its greater understanding of the link between economic planning and urban design, and its more robust work program.

Source: City Planning Department

## MEMORANDUM

To: Emilie Neumann, Budget Analyst  
From: David Alumbaugh  
Date: May 3, 2001  
RE: Information Request #2 re: Supplemental Appropriation

The following is the additional information you requested regarding the work covered under this supplemental appropriation. It is organized as follows:

### I. Balboa Park Station Supplemental Appropriation

The following summarizes a budget-level breakdown of fees for each consultant for continuing the Balboa Park planning work. All amounts are subject to discussion and negotiation with consultant. An outline scope and fee estimate for each planning discipline under contract and an estimate of fee for the expanded planning work covered under the Balboa Park supplemental appropriation is provided on pages 3 through 8 of this memorandum.

|   |           |
|---|-----------|
| A. Balboa Park Station Area Plan Urban Design Contract Expansion: | \$140,000 |
| B. Transportation Planning Contract Expansion:                    | 100,000   |
| C. Economics and Real Estate Contract Expansion:                  | 60,000    |
| Total   | \$300,000 |

### II. New Neighborhood Plan Supplemental Appropriation

The following summarizes a budget-level estimate for each consultant for a standard new neighborhood plan. All items are subject to discussion and negotiation with consultants. A standard scope and fee estimate for a standard neighborhood plan is provided on pages 9 through 11 of this memorandum.

|                              |             |
|------------------------------|-------------|
| A. Public Involvement        | \$200,000   |
| B. Urban Design              | \$400,000   |
| C. Transportation Planning   | 200,000     |
| D. Economics and Real Estate | 200,000     |
| E. Environmental Planning    | 500,000     |
| Total                        | \$1,500,000 |

Source: City Planning Department

### III. Total Contract Expansions With Both Supplemental Appropriations

If the Department were to undertake the planning work included in the supplemental appropriation by extending the contracts for consultants currently under contract, it would result in the following contract increases (all items are subject to discussion and negotiation with consultant):

|   |                |
|---|----------------|
| A. Public Involvement (O'Rourke Public Relations)                       | \$200,000      |
| B. Urban Design (EDAW):   | 540,000        |
| C. Transportation Planning (Nelson/Nygaard)                             | 300,000        |
| D. Economics and Real Estate Analysis (Strategic Economics)             | 260,000        |
| E. <u>Environmental Planning (Consultant Undetermined at this Time)</u> | <u>500,000</u> |
| Total   | \$1,800,000    |

Source: City Planning Department



## I. Balboa Park Station Supplemental Appropriation

### A. Balboa Park Station Area Plan Urban Design Contract Expansion

1. Amount of original contract and name of firm:  
Amount: \$250,000  
Name of firm: EDAW, Inc.
2. Services/products: The urban design consultant is under contract to provide the following professional urban design, planning, and geographic information (GIS) services to the Planning Department for development of the *Balboa Park Station Area Plan*.

#### A: Urban Design Services

1. Project Startup
2. Preliminary Conditions, Issues, And Opportunities Analysis
3. Plan and Alternatives Conceptualization
4. Focused Conditions, Issues, and Opportunities Analysis
5. First Draft Plan Development
6. Project Team Coordination
7. Public Involvement: Three public workshops

#### B. Geographic Information Services (GIS) Services

1. GIS Consultant Team Lead
2. 3D Modeling Consultant Team Lead
3. Internal Project Team Website
4. Project Team Coordination

#### Products:

1. Draft and Final Existing Conditions, Issues and Opportunities Technical Memorandum
  2. Planning and Urban Design Draft and Final Memorandum for DEIR
  3. Display graphics for public outreach
  4. Preliminary and final display and report graphics for existing conditions, issues and opportunities analysis
  5. Preliminary and final display and report graphics for alternative concepts
  6. Preliminary and final revised scopes of work for work tasks
  7. Planning and urban design project description for DEIR
  8. Preliminary impact analysis and mitigation for plan balancing
  9. Draft and Final Impact Analysis for DEIR
  10. Preliminary and final draft plan materials
  11. Preliminary and final plan controls
  12. Preliminary and final draft major infill project concepts
  13. Preliminary and final design guidelines
  14. Display and report graphics
3. Date of expected completion: 10/2001
  4. Dollar-amount expansion of contract: \$140,000
  5. Additional services: Limitations to current funding did not allow the Planning Department to contract for the development of building prototypes for the Balboa

Source: City Planning Department

Park Transit Center improvements nor for infill buildings within the Ocean Avenue Neighborhood Commercial district. It also did not allow the Department to contract for an adequate amount of the urban design services needed to complete the project, for the GIS services needed to make planned changes fully understandable to the public, nor for attendance and participation in three of the six planned public workshops.

6. Importance of services: Without this supplemental appropriation, the services described in #5 above will not be provided. These services are important in adequately exploring the planning issues in the neighborhood, in communicating the changes being explored to the public so that they can fully visualize and understand them, in supporting the economic analysis needed to understand the economic impacts of these changes on the neighborhood and on city agencies, in supporting the visual analysis needed to help the project planners and the neighborhood understand the visual impact of proposed changes, and in testing the feasibility of planning ideas.
7. Estimated date of completion of expanded contract: 10/2001
8. Budget for Balboa Park Urban Design Expanded Scope (all items are subject to discussion and negotiation with consultant):
  - A. Building Prototypes
 

|  |          |
|--|----------|
| 325 person hours @ \$100/hour =              | \$32,500 |
| Estimated Expenses (does not include travel) | 2,500    |
  - B. Additional Urban Design Planning and Analysis
 

|  |        |
|--|--------|
| 570 person hours @ \$100/hour =              | 57,000 |
| Estimated Expenses (does not include travel) | 5,000  |
  - C. Additional Geographical Information Systems Support
 

|  |        |
|--|--------|
| 360 person hours @ \$90/hour =               | 32,400 |
| Estimated Expenses (does not include travel) | 7,600  |
  - D. Attend and Participate in Three Additional Public Workshops
 

|   |            |
|---|------------|
| 25 person hours @ \$100/hour =                      | 2,500      |
| <u>Estimated Expenses (does not include travel)</u> | <u>500</u> |
| Total Estimated Addition to Contract                | \$140,000  |

Source: City Planning Department

## B. Transportation Planning Contract Expansion

1. Amount of original contract and name of firm:  
Amount: \$400,000  
Name of firm: Nelson/Nygaard
2. Services/products: The transportation planning consultant is under contract to provide the following professional services to the Planning Department for development of the transit, pedestrian, bicycle, and traffic elements of the *Balboa Park Station Area Plan* and for each of the other two neighborhood plans being prepared under the Better Neighborhoods program.
  1. Project Startup
  2. Preliminary Conditions, Issues, And Opportunities Analysis
  3. Plan and Alternatives Conceptualization
  4. Focused Conditions, Issues, and Opportunities Analysis
  5. Public Review Draft Plan Analysis
  6. Project Team Coordination
  7. Public Involvement: Three public workshops
- Products:
  1. Refined work scope
  2. Project schedule
  3. Data collection plan
  4. Intersection service levels
  5. Transit routes and stops
  6. Transit accessibility indices
  7. Pedestrian and bicycle circulation issues
  8. Walkability indices
  9. Accident locations and summary
  10. Street rights-of-way
  11. Parking supply and demand
  12. Opportunities memorandum
  13. Traffic trip budgets
  14. Transit trip budgets
  15. Traffic, transit, pedestrian, and bicycle circulation routes
  16. Pedestrian design guidelines
  17. Parking program and code modifications
  18. Shared parking guidelines
  19. Alternative analysis
  20. Transportation policies
3. Date of expected completion: 10/2001
4. Dollar-amount expansion of contract: \$100,000
5. Additional services: Limitations to current funding did not allow the Planning Department to contract for all work needed to understand the considerable transportation issues for this neighborhood, to provide modeling and other graphic means for the public to understand the range of proposals and their impacts, nor for attendance and participation in three of the six planned public workshops.

Source: City Planning Department

6. Importance of services: Without this supplemental appropriation, the services described in #5 above will not be provided. These services are important in adequately exploring the planning issues in the neighborhood, in communicating the changes being explored to the public and to city and other agencies, in supporting the transportation analysis needed to help the project planners, city and other agencies, and the neighborhood understand the transportation impacts of potential changes, and in testing the feasibility of transportation ideas.
7. Estimated date of completion of expanded contract: 10/2001
8. Budget for Transportation Planning Expanded Scope (all items are subject to discussion and negotiation with consultant):

|   |              |
|---|--------------|
| 950 person hours @ \$100/hour =                     | \$95,000     |
| <u>Estimated Expenses (does not include travel)</u> | <u>5,000</u> |
| Total Estimated Addition to Contract                | \$100,000    |

Source: City Planning Department

C. Economic and Real Estate Planning Contract Expansion

1. Amount of original contract and name of firm:  
Amount: \$250,000  
Name of firm: Strategic Economics
  2. Services/products: The economic and real estate planning consultant is under contract to provide the following professional services to the Planning Department for development of the *Balboa Park Station Area Plan* and for each of the other two neighborhood plans being prepared under the Better Neighborhoods program.
    1. Project Startup
    2. Preliminary Conditions, Issues, And Opportunities Analysis
    3. Plan and Alternatives Conceptualization
    4. Focused Conditions, Issues, and Opportunities Analysis
    5. First Draft Plan Development
    6. Project Team Coordination
    7. Public Involvement: Three public workshops
- Products:
21. Refined relational database
  22. Refined ArcView shapefiles
  23. Update procedures for database
  24. Land use update
  25. Citywide and neighborhood demography analysis
  26. Citywide and neighborhood growth allocation
  27. Market and pro forma analysis for Balboa Park station area and Phelan/Ocean area
  28. Soft sites analysis
  29. Economic constraints analysis
  30. Real estate analysis of commercial and residential space
  31. Advantages and constraints analysis
  32. Economic analysis of development (building) prototypes
  33. Public parcel development concepts
  34. Improvement and implementation program
  35. Preliminary and final first draft plan materials
  36. Refined work scope
3. Date of expected completion: 10/2001
  4. Dollar-amount expansion of contract: \$60,000
  5. Additional services: Limitations to current funding did not allow the Planning Department to contract for the detailed economic, market, and pro forma analysis necessary for the Balboa Park, nor for attendance and participation in three of the six planned public workshops.
  6. Importance of services: Without this supplemental appropriation, the services described in #5 above will not be provided. These services are important in adequately exploring the planning issues in the neighborhood, in communicating the changes being explored to the public and understanding their economic impacts and importance, in understanding the economic impacts of these changes on the

Source: City Planning Department

neighborhood and on city agencies, in testing the feasibility of planning ideas, nor attending three of the six planned neighborhood workshops.

7. Estimated date of completion of expanded contract: 10/2001
8. Expanded budget for Economic and Real Estate Expanded Scope (all items are subject to discussion and negotiation with consultant):

|   |              |
|---|--------------|
| 585 person hours @ \$100/hour =                     | \$58,500     |
| <u>Estimated Expenses (does not include travel)</u> | <u>1,500</u> |
| Total Estimated Addition to Contract                | \$60,000     |

Source: City Planning Department



Date: 5/3/01  
Sender: Costolino Hogan  
To: Emilie Neumann  
Priority: Normal  
Subject: Fees

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Here are descriptions of the fees that have been picked to fund the present supplement proposal.

**Downtown Control Exceptions Fee: Varies with size of project**

Mandatory review of all downtown projects over 50,000 sq. ft. by the Planning Commission. The process is mandated by the Planning Code for projects of this size and scope.

**Environmental Review: Cost Based on Construction Valuations**

Analysis of the potential environmental impacts of a new development. Review is mandated by California Environmental Quality Act (CEQA). Projects that must receive environmental review are varied and the criteria is delineated in the CEQA code.

**Annual Limit Competition: Cost \$15,675 per application**

Presently the Planning Code states that only 950,000 sq. ft. of office space can be built in San Francisco in a given year. The Annual Limit Competition allows developers the chance to apply and be included within that 950,000 sq. ft.

Source: City Planning Department

## II. New Neighborhood Plan Supplemental Appropriation

### A. Community-Based Neighborhood Planning Work Program and Estimate of Consultant Costs

A standard neighborhood work program and estimate of consultant costs for a community-based planning effort for one neighborhood under the Better Neighborhoods program follows. Using current contract amounts as a guide, an estimated budget for each of five consultant teams would be as follows (all items are subject to discussion and negotiation with consultant):

|  |             |
|--|-------------|
| 1. Public Outreach                     | \$200,000   |
| 2. Urban Design                        | 400,000     |
| 3. Transportation Planning             | 200,000     |
| 4. Economic and Real Estate Analysis   | 200,000     |
| 5. Environmental Planning and Analysis | 500,000     |
| Total Estimated Consultant Costs       | \$1,500,000 |

### Neighborhood Plan Work Program

The following is a standard work plan and consultant estimate for a standard work program for one community-based planning effort under the Better Neighborhoods Program.

#### Task 1: Project Initiation

Staff will prepare scopes of work, schedules, estimates of costs, and deliverables for the planning projects as a whole and for all consultant work.

#### Task 2: Public Planning Process

Staff and consultant team will work with specialists to develop and conduct a community-based, public planning process that ensures the involvement, participation, and ownership of the various communities in the vicinity to the planning process and to the solutions it proposes.

#### Task 3: Designate Transit-Oriented Community Use Plan Area

Staff will designate and delineate transit-oriented community plan areas, based upon comfortable walking distances to the station tied to distance, topography, boundaries, edges and other factors; existing land uses; major destinations; and other important features of the surrounding area.

#### Task 4: Project Goals and Objectives

Staff and consultant team will work with neighborhood groups through the community-based, public planning process to prepare a set of goals and objectives for the project and for the planning area. This work will build upon the goals and objectives of other planning work done or being done, where appropriate. Goals and objectives will serve as the foundation for the planning work at, and will be the basis of the project evaluation.

Source: City Planning Department

**Task 5: Inventory and Analysis**

Staff and consultant team will complete the inventory and analysis tasks of the project, including traffic analysis, transit profiles, community character analysis, community profiles, land use analysis, urban design analysis, soft-sites analysis, opportunities and constraints analysis, and circulation analysis.

**Task 6: Development Prototypes**

The urban design consultant will lead and planning department staff will assist in developing a set of appropriate development prototypes drawn upon examples of the city's successful and desirable neighborhoods, as well as upon recent examples of successful, sensitive development.

**Task 7: Transit-Oriented Community Use Plan: Plans, Plan Maps, Drawings, and Documentation**

The urban design consultant will lead and the planning department staff would assist in preparing a transit-oriented community use plan that addresses and synthesizes the issues identified in the work tasks above.

**Task 8: Implementation Program**

In coordination with and by mutual agreement with all agencies and implementing bodies with jurisdiction in the planning area, planning staff will prepare, with consultant's input and participation, an implementation program that documents how the transit-oriented community use plan will be implemented, and that clearly sets out the roles, responsibilities, actions, costs and time lines of each agency for implementing the plan.

**Task 9: Planning Controls.**

Staff will prepare, with consultant input, new public policies and programs, new planning policies where appropriate, and other techniques to achieve the planning goals of the project.

**Task 10: Draft Plan Report**

The planning consultant will prepare draft plan report that describes and illustrates all elements of the transit-oriented use plan and that documents the planning process. The draft plan report also will describe the project evaluation component of the plan and the near-term results of the process, the products, and outcomes of the project, if there are short-term outcomes. Staff will review and comment on the draft report, and will work with the consultant to agree on its final content and layout.

**Task 11: Environmental Review and Entitlements**

Environmental consultants will begin program-level environmental documents that address the environmental issues and impacts of the neighborhood plans.

**Task 12: Commission and Board Approvals**

Assist staff in presentations before commissions and boards.

**Task 13: Final Plan Report**

Source: City Planning Department

The planning consultant will prepare the final plan report that describes and illustrates all elements of the transit-oriented use plan and that documents the planning process. The final plan report also will describe the project evaluation component of the plan and the near-term results of the process, the products, and outcomes of the project, if there are short-term outcomes. Staff will review and comment on a draft of the final report, and will work with the consultant to agree on its final content and layout.

**Task 14: Management**

Consultant selected as prime on the consultant team will manage other consultant members of the team and coordinate the work of the team with staff.

**Estimated Consultant Costs**

|   |             |
|---|-------------|
| Task 1: Project Initiation              | \$10,000    |
| Task 2: Public Planning Process         | \$200,000   |
| Task 3: Designate Plan Area             | \$10,000    |
| Task 4: Project Goals and Objectives    | \$10,000    |
| Task 5: Inventory and Analysis          | \$200,000   |
| Task 6: Development Prototypes          | \$50,000    |
| Task 7: Community Plan                  | \$200,000   |
| Task 8: Implementation Program          | \$50,000    |
| Task 9: Planning Controls               | \$25,000    |
| Task 10: Draft Plan Report              | \$50,000    |
| Task 11: Environmental Review           | \$500,000   |
| Task 12: Commission and Board Approvals | \$20,000    |
| Task 13: Final Plan Report              | \$50,000    |
| Task 14: Management                     | \$125,000   |
| Total                                   | \$1,500,000 |



Items 7 and 8 - Files 01-0677 and 01-0678

Departments: Department of Administrative Services  
Department of Human Resources

Items: Item 7 – File 01-0677  
Ordinance appropriating \$334,000 from the Wage and Health Care Accessibility Reserve to fund salaries, fringe benefits, materials and supplies, and professional services for the Office of Contract Administration, FY 2000-2001.

Item 8 – File 01-0678  
Ordinance amending the Annual Salary Ordinance (Ordinance No. 181-00), reflecting the creation of 14 new positions in the Department of Administrative Services, Office of Contract Administration.

Amount: \$334,000

Source of Funds: General Fund Wage and Health Care Accessibility Reserve (see Comment 1)

Description: The proposed ordinances would:

- (a) Appropriate \$334,000 (File 01-0677) to establish an Office of Contract Administration in the Department of Administrative Services (DAS), including 14 new permanent positions, to monitor compliance by private contractors with Chapter 6 and Chapter 12N of the Administrative Code. Chapter 6 sets the prevailing wage rates for employees of private firms with construction or public works contracts with the City. Chapter 12N sets the minimum compensation for employees of private firms with service contracts with the City and for employees of Airport tenants.
- (b) Create 14 new permanent positions in the Office of Contract Administration (File 01-0678) through an amendment to the Annual Salary Ordinance.

In August of 2000, the Board of Supervisors approved the Minimum Compensation Ordinance, amending the San Francisco Administrative Code by adding Chapter 12N, and requiring City service contractors, including their



subcontractors, and Airport tenants, including their subtenants, to pay a minimum level of compensation to their employees (Ordinance 216-00). In September of 2000, the Board of Supervisors approved an ordinance, adding Section 6.24 to Chapter 6 of the Administrative Code, authorizing the creation of an office within the Department of Administrative Services to enforce prevailing wage and other City public works requirements and to provide for a funding mechanism for that enforcement (Ordinance 237-00).

Chapter 12N of the Administrative Code, or the Minimum Compensation Ordinance (MCO), gave responsibility to DAS for (a) administering that Ordinance, including establishing guidelines or rules for the administration of the subject ordinance, (b) determining if a contractor is subject to the requirements of the ordinance, (c) reporting to the Board of Supervisors annually on compliance with the ordinance, and (d) conducting random audits of contractors to determine compliance. Under the MCO, DAS would have authority to waive compliance with provisions of the MCO in certain circumstances, including contracts when only one contractor is able to perform the work or if the contract were necessary to meet an emergency need of the City. DAS is responsible for investigating claims that a contractor had breached provisions the MCO. Additionally, under the MCO, DAS would be responsible for conducting administrative reviews of alleged breaches of the subject ordinance and seeking penalties, within guidelines set by the MCO.

Section 6.24 of Chapter 6 of the Administrative Code established an Office within DAS to enforce prevailing wage requirements and other City public works requirements and to provide for a funding mechanism for that enforcement. Under Section 6.24, the Office would have responsibility for (a) developing and administering a plan for the enforcement of the prevailing wage requirement and other labor standards, (b) directing enforcement of the City's prevailing wage requirements, subject to approval by the Mayor and the Director of DAS, (c) seeking penalties for violation of the prevailing wage requirements, and (d) overseeing the training of City personnel in labor standards enforcement.

These subject ordinances would appropriate funding for DAS to establish an Office of Contract Administration, under the supervision of the Director of Purchasing, which would include (a) existing Purchasing functions, such as signing off on goods and service contracts between City Departments and outside vendors, (b) monitoring and enforcing compliance with provisions of the MCO and "Living Health" Ordinance (see Comment 2), and (c) monitoring and enforcement of the Prevailing Wage provisions of the Administrative Code. The proposed supplemental appropriation ordinance would appropriate \$334,000 from the General Fund Wage and Health Care Accessibility Reserve to pay for 14 new permanent positions and related expenses for the 2-month period from May 1, 2001, through June 30, 2001, as noted in the budget below.

**Budget:**

The proposed budget for the proposed Office of Contract Administration of \$334,000, for the period from May 1, 2001 through June 30, 2001, is as follows:

|   |           |
|---|-----------|
| Permanent Salaries (14 positions)         | \$166,808 |
| Mandatory Fringe Benefits<br>@ 28 Percent | 46,706    |
| Professional and Special<br>Services      | 35,030    |
| Materials and Supplies                    | 85,456    |
| Total                                     | \$334,000 |

**Comments:**

1. The FY 2000-2001 budget includes a \$5,070,000 Wage and Health Care Accessibility Reserve, which, according to the Mayor's Office, was established to fund (a) any cost of living adjustment (COLA) for nonprofit organizations to offset the increased costs resulting from the Minimum Compensation Ordinance, (b) any COLA to nonprofit organizations to offset the costs of the proposed Living Health Ordinance (see Comment 2), which has not yet been submitted to the Board of Supervisors, and (c) associated administrative costs. According to the Mayor's Office, the Wage and Health Care Accessibility Reserve was established in the event that FY 2000-2001 funding for nonprofits was not sufficient to cover increased salary costs to nonprofit organizations resulting from MCO

requirements and to address any associated costs, but such additional funding was not needed in FY 2000-2001. Mr. Matthew Hymel of the Controller's Office states that none of the amount of \$5,070,000 in the General Fund Wage and Health Care Accessibility Reserve has been expended.

2. The pending "Living Health" Ordinance, which would require that City service contractors, and Airport and Port tenants, provide health benefits to employees working on City contracts, has not yet been submitted to the Board of Supervisors for approval.

3. DAS is requesting the approval 14 new permanent positions to staff the proposed Office of Contract Administration, which includes Purchasing, MCO and "Living Health" Ordinance, and Prevailing Wage compliance monitoring functions.

The 14 requested new permanent positions and their related salary costs are as follows:

| No. of FTE Positions | Class | Title                          | Step 1<br>(Biweekly-Annual) | Step 5<br>(Biweekly-Annual) |
|----------------------|-------|--------------------------------|-----------------------------|-----------------------------|
| 2                    | AC32  | Manager VIII                   | \$3,162<br>\$82,212         | \$3,844<br>\$99,944         |
| 2                    | 2978  | Contract Compliance Officer II | \$2,819<br>\$73,294         | \$3,426<br>\$89,076         |
| 6                    | 2992  | Contract Compliance Officer I  | \$2,151<br>\$55,926         | \$2,614<br>\$67,964         |
| 2                    | 1426  | Senior Clerk Typist            | \$1,388<br>\$36,088         | \$1,682<br>\$43,732         |
| 1                    | 1675  | Supervising Fiscal Officer     | \$2,890<br>\$75,140         | \$3,513<br>\$91,338         |
| 1                    | 1823  | Senior Administrative Analyst  | \$2,194<br>\$57,044         | \$2,666<br>\$69,316         |

The cost of these 14 positions at Step 5 on an annual basis, including mandatory fringe benefits, would be \$1,323,443.

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

According to Ms. Judith Blackwell, Director of Purchasing, these requested 14 new permanent positions would be allocated at the DAS as follows:

- (a) 2 positions to perform general administrative functions for the Office of Contract Administration, as noted in the table below.

| Classification                        | Permanent Salaries in Proposed Supplemental Appropriation | Annual Permanent Salaries at Step 5 | Annual Permanent Salaries and Fringe Benefits |
|---------------------------------------|---|-------------------------------------|---|
| 1.0 FTE Senior Administrative Analyst | \$12,469  | \$69,316                            | \$88,724                                      |
| 1.0 FTE Supervising Fiscal Analyst    | 14,614  | 91,338                              | 116,912                                       |
| <b>Total - 2.0 FTE</b>                | <b>\$27,083</b>   | <b>\$160,654</b>                    | <b>\$205,636</b>                              |

- (b) 9 positions for MCO and Living Health Ordinance compliance monitoring functions, as noted in the table below.

| Classifications                        | Permanent Salaries in Proposed Supplemental Appropriation | Annual Permanent Salaries at Step 5 | Annual Permanent Salaries and Fringe Benefits |
|--|---|-------------------------------------|---|
| 1.0 FTE Manager VIII                   | \$15,991  | \$99,944                            | \$127,928                                     |
| 1.0 FTE Contract Compliance Officer II | 14,252  | 89,076                              | 114,017                                       |
| 6.0 FTE Contract Compliance Officer I  | 65,245  | 407,784                             | 521,963                                       |
| 1.0 FTE Senior Clerk Typist            | 6,997   | 43,732                              | 55,977  |
| <b>Total - 9.0 FTE</b>                 | <b>\$102,485</b>  | <b>\$640,536</b>                    | <b>\$819,885</b>                              |

(c) 3 positions for Prevailing Wage compliance monitoring functions, as noted in the table below.

| Classification                         | Permanent Salaries in Proposed Supplemental Appropriation | Annual Permanent Salaries at Step 5 | Annual Permanent Salaries and Fringe Benefits |
|--|---|-------------------------------------|---|
| 1.0 FTE Manager VIII                   | \$15,991  | \$99,944                            | \$127,928                                     |
| 1.0 FTE Contract Compliance Officer II | 14,252  | 89,076                              | 114,017                                       |
| 1.0 FTE Senior Clerk Typist            | 6,997   | 43,732                              | 55,977  |
| Total - 3.0 FTE                        | \$37,240  | \$232,752                           | \$297,922                                     |

4. Ms. Blackwell states that the 2 requested new permanent positions for general administration responsibilities would provide services to the Office of Contract Administration, including Purchasing functions, MCO and proposed "Living Health" Ordinance compliance monitoring functions, and Prevailing Wage compliance monitoring functions. Ms. Blackwell states that the Senior Administrative Analyst position would serve as an ombudsman, performing such functions as working with contractors regarding compliance with the subject wage and health benefit requirements, working with the public regarding dispute resolution regarding the subject wage and health benefit requirements, and other duties. DAS has temporarily reassigned a vacant 1952 Senior Purchaser position to a Special Assistant 1369 position, and filled that position, effective March 5, 2001. DAS has informed the Budget Analyst that it was the intention of DAS to eventually transition the Special Assistant 1369 position into the Senior Administrative Analyst position. However, the Budget Analyst has not found sufficient justification for the Senior Administrative Analyst position, and notes that DAS filled the position without providing sufficient justification and prior to obtaining Board of Supervisors approval. In addition, Ms. Blackwell states that the Supervising Fiscal Analyst would perform general fiscal responsibilities for the DAS Office of Contract Administration. Currently, Administrative Services, of which the Office of Contract Administration would be one division, does not have a Supervising Fiscal Analyst. The Budget Analyst does not find justification for



this high level position, at an annual salary and benefit rate at Step 5 of \$116,912, within the Office of Contract Administration, and recommends disapproval of this position at this time.

5. DAS is proposing to create 9 new positions to monitor and enforce compliance with the provisions of the MCO and the proposed "Living Health" Ordinance. According to Ms. Blackwell, the City has approximately 1,250 contracts, which are covered by the MCO. Ms. Blackwell states that the DAS does not currently have the database capability to track the number of employees covered by these contracts and does not know how many employees would be covered by the MCO. According to Ms. Blackwell, DAS Office of Contract Administration staff would audit service contractors, including subcontractors, for MCO compliance, and investigate complaints regarding such contractors.

6. Of the 9 new positions, DAS is proposing to create one Manager VIII, with an annual salary cost of \$99,944 at Step 5, to monitor compliance with MCO and proposed "Living Health" Ordinance requirements. Because the MCO and proposed "Living Health" Ordinance division will report directly to the Director of Contract Administration, the Budget Analyst does not find adequate justification for this new management position and therefore, recommends disapproval of one Manager VIII position at this time.

7. In addition to the one Manager VIII position, DAS is proposing to create eight positions for MCO and "Living Health" Ordinance compliance monitoring, including one Compliance Officer II, six Compliance Officer I positions, and one Senior Clerk Typist. Because the "Living Health" Ordinance has not yet been submitted for Board of Supervisors approval and because DAS does not currently have detailed workload data to justify their request for eight new positions, the Budget Analyst recommends approval of four of the eight proposed new positions and disapproval of four of the eight proposed new positions. The Budget Analyst recommends approval of one Compliance Officer II and three Compliance Officer I positions and recommends disapproval of three



Compliance Officer I positions and one Senior Clerk Typist position. Further, the Budget Analyst recommends that DAS submit detailed information regarding the MCO compliance monitoring program to the Board of Supervisors during the FY 2001-2002 budget review, including number of service contractors and covered employees, a proposed schedule of random audits as defined by the MCO, the number of complaints received and investigated since approval of the MCO in August of 2000, and other details of the expected workload and performance objectives for the MCO compliance monitoring by the proposed Office of Contract Administration.

8. Currently, City Departments, which administer construction and public works contracts, are responsible for monitoring compliance with the Prevailing Wage requirements of the Administrative Code. These City Departments are the Airport, the Port, the Municipal Transportation Authority (MTA), Department of Public Works (DPW), the Recreation and Park Department (RPD), and the Public Utilities Commission (PUC).

9. The Airport is the only City agency with a separate administrative division for administration and enforcement of Prevailing Wage requirements. According to Ms. Helen Lucas of the Airport, the Construction and Tenant Employment Monitoring Division is responsible for monitoring Airport construction contracts for compliance with Prevailing Wage requirements, and monitoring Airport tenants and contractors, including subcontractors and subcontractors, for compliance with the Quality Standards Program (QSP).<sup>1</sup> Ms. Lucas states that the Airport proposes to reduce the number of budgeted positions in the Construction and Tenant Employment Monitoring Division by 9.5 FTEs, from 17.5 FTEs to 8.0 FTEs, in the FY 2001-2002 budget due to the

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<sup>1</sup> The Quality Standards Program (QSP), implemented by the Airport, beginning April 1, 2000, covers private firms, including airline and concession tenants and third party vendors, employing personnel who are involved in performing services which directly impact safety and/ or security. Under the QSP, the Airport sets standards for hiring and training of covered employees and sets a minimum compensation of \$10 per hour for employees who receive health benefits and \$11.25 per hour for employees without health benefits, effective January 1, 2001. The health benefits level is set equal to the level of benefits provided by the Kaiser Health Plan.

decrease in Airport construction projects. According to Ms. Lucas, in addition to monitoring construction and facilities management contracts for Prevailing Wage requirements, the Division will monitor compliance with QSP and MCO requirements. Ms. Blackwell states that the Airport would continue to monitor Prevailing Wage and MCO compliance at the Airport, and would not be under the jurisdiction of the proposed Office of Contract Administration.

10. DPW, PUC, the Port and MTA do not have separate administrative divisions to monitor and enforce prevailing wage requirements. However, each of these four City departments use construction management or resident engineer staff to monitor construction and public works contracts for compliance with Prevailing Wage requirements. In DPW, Bureau of Construction Management staff review certified payrolls<sup>2</sup>, and conduct site visits to investigate complaints. The DPW resident engineer at the construction site is responsible for determining if the workers' jobs are correctly classified. In the PUC, the Port, and MTA, resident engineers and construction managers are responsible for reviewing certified payrolls. DPW reimburses the Human Rights Commission for one Human Rights Commission Representative to monitor Prevailing Wage compliance for DPW construction and public works contracts. MTA Contract Compliance Office staff conduct non-scheduled on-site visits of MTA construction projects for various reasons, including to check that the employees working on the project are the same as identified in the certified payroll.

11. RPD was given separate authority to enter into major construction contracts in March of 2000, when San Francisco voters approved Proposition C. According to Mr. Gary Hoy of RPD, RPD construction contracts are currently managed by DPW.

12. In accordance with Ordinance 237-00, which authorized creation of an office for enforcing Prevailing

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<sup>2</sup> Contractors are required to maintain payroll records for each pay period within the month and to submit these records ("certified payroll") monthly, prior to receiving payment on the contract.

Wage requirements within DAS, the proposed Office of Contract Administration would assume responsibility for monitoring and enforcing Prevailing Wage requirements. According to Ms. Blackwell, the Office of Contract Administration would oversee the Prevailing Wage compliance monitoring of the five City departments (DPW, PUC, MTA, the Port, and RPD), but the five City departments would continue their current programs to monitor Prevailing Wage compliance. Therefore, the Office of Contract Administration costs for monitoring compliance with Prevailing Wage requirements would be in addition to the work and the related costs incurred by the five City departments already performing this function. Ms. Blackwell states that the Airport would continue to have responsibility for their own construction contracts and would not be covered by the proposed DAS Office of Contract Administration.

13. The City departments responsible for construction and public works contracts have not systematically tracked compliance with the Prevailing Wage requirements in Chapter 6 of the Administrative Code. Therefore, the effectiveness of current City efforts to monitor and enforce Prevailing Wage compliance, and the amount of additional staff needed for Prevailing Wage compliance monitoring and enforcement, is not known. The Budget Analyst recommends that the Board of Supervisors request a review of the Prevailing Wage compliance monitoring program to determine the effectiveness of the City's current monitoring effort, the incidence of violations of the Prevailing Wage requirements, and the need for additional staff to perform the function of the proposed Office of Contract Administration. This review could be conducted by the Controller, the Budget Analyst, the Legislative Analyst, or an outside contractor, as determined by the Board of Supervisors.

14. As previously noted, DAS is proposing to create 3 new positions in the Office of Contract Administration to monitor compliance with the Prevailing Wage requirements, set forth in Chapter 6 of the Administrative Code. These positions include one Manager VIII to serve as the Labor Standards Enforcement Officer, one

Contract Compliance Officer II and one Senior Clerk Typist.

15. The subject Labor Standards Enforcement Officer role was authorized under Ordinance 237-00. Under Ordinance 237-00, the Labor Standards Enforcement Officer would (a) develop and administer a plan for the enforcement of the Prevailing Wage requirements and other labor standards<sup>3</sup>, (b) direct enforcement of the City's Prevailing Wage requirements subject to approval by the Mayor and the Director of DAS, (c) seek penalties for violation of the prevailing wage requirements, and (d) oversee training of City personnel in labor standards enforcement. Ms. Blackwell states that DAS temporarily upgraded a vacant 1956 Senior Purchaser position to a Manager VIII position, and hired a Manager VIII to serve as the Labor Standards Enforcement Officer as of February 26, 2001, prior to Board of Supervisors approval of this requested new Manager VIII position. Therefore, because DAS filled the proposed new Manager VIII position prior to obtaining Board of Supervisors approval for the proposed new position, the Budget Analyst considers retroactive approval of this proposed position to be a policy matter.

16. Ms. Blackwell states that DAS has temporarily upgraded one vacant 1950 Purchaser position to a Contract Compliance Officer II position, and filled this position, effective April 30, 2001, prior to Board of Supervisors approval of the requested new position. Therefore, because DAS filled the proposed new Contract Compliance Officer II position before obtaining Board of Supervisors approval, the Budget Analyst considers retroactive approval of this proposed new position a policy matter.

17. Additionally, Ms. Blackwell states that DAS has upgraded one vacant 1952 Purchaser position to Contract Compliance Officer I for the monitoring and enforcement of compliance with Prevailing Wage requirements, and filled this position, effective May 7, 2001. Ms. Blackwell

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<sup>3</sup> Other labor standards include a 5 eight-hour day workweek, totaling 40 hours, and overtime pay for hours worked in excess of 8 hours in one day and 40 hours in one week.



states that this position will be submitted to the Board of Supervisors for approval in the FY 2001-2002 budget. The Budget Analyst notes that DAS has created a Contract Compliance Officer I position, and filled this position, without providing sufficient justification for this position and prior to obtaining Board of Supervisors approval. Additionally, as stated in Comment 13; the Budget Analyst recommends that the Board of Supervisors request a review of the Prevailing Wage compliance monitoring program to determine the need for additional staff to perform the function of the proposed Office of Contract Administration.

18. The Budget Analyst finds that DAS has not provided sufficient justification for the proposed new Senior Clerk position and recommends disapproval of one new Senior Clerk Typist position.

19. The subject supplemental appropriation ordinance includes \$35,030 for Professional and Special Services and \$85,456 for Materials and Supplies, totaling \$120,486. The Budget Analyst recommends approval of \$22,000 for four computers and four computer workstations, and recommends disapproval of \$98,486, because the Department has not provided sufficient justification for these expenditures.

20. The proposed supplemental appropriation ordinance would appropriate funds from the FY 2000-2001 General Fund Wage and Health Care Accessibility Reserve. The Budget Analyst recommends that the Office of Contract Administration costs for monitoring MCO and Prevailing Wage requirements be charged back to the appropriate Departments on a work order basis in order to decrease future costs to the General Fund when services are provided to non-General Fund Departments.

21. In Files 01-0677 and 01-0678, the salary steps for the Manager VIII position are the salary steps that will apply in FY 2001-2002. The Budget Analyst recommends amending Files 01-0677 and 01-0678 to reflect the actual salary steps for the Manager VIII position in FY 2001-2002.

**Summary:**

In summary, of the 14 proposed new positions, the Budget Analyst recommends approval of four positions and disapproval of eight positions, and considers approval of two positions to be a policy matter for the Board of Supervisors.

- Of the four new positions recommended for approval, the Budget Analyst recommends approval of one Contract Compliance Officer II and three Contract Compliance Officer I positions for monitoring compliance with MCO provisions.
- Of the 8 new positions recommended for disapproval, the Budget Analyst recommends disapproval of (a) one Senior Administrative Analyst and one Supervising Fiscal Analyst in the general administration division of the Office of Contract Administration; (b) one Manager VIII, three Contract Compliance Officer I positions, and one Senior Clerk Typist in the MCO division of the Office of Contract Administration, and (c) one Senior Clerk Typist in the Prevailing Wage division of the Office of Contract Administration.
- Of the two new positions considered to be a policy matter, the Budget Analyst considers retroactive approval of one Manager VIII and one Contract Compliance Officer II in the Prevailing Wage division of the Office of Contract Administration to be a policy matter for the Board of Supervisors, because DAS filled these two proposed new positions prior to obtaining Board of Supervisors approval.

In addition, the Budget Analyst recommends (a) that DAS submit detailed information regarding the MCO compliance monitoring program to the Board of Supervisors during the FY 2001-2002 budget review, including the number of service contractors and covered employees, schedule of random audits as defined by the MCO, number of complaints received and investigated since approval of the MCO in August of 2000, and other details of the expected workload for the MCO compliance monitoring division; (b) that the Board of Supervisors request a review of the Prevailing Wage compliance monitoring program performance to determine the effectiveness of the City's current monitoring effort, the incidence of violations of the Prevailing Wage



requirements, and the need for additional staff; and, (c) that the Office of Contract Administration costs for monitoring MCO and Prevailing Wage requirements be charged back to the appropriate City Departments on a work order basis to decrease future costs to the General Fund when services are provided to non-General Fund Departments.

The Budget Analyst also recommends approval of \$22,000 for computers and workstations and recommends disapproval of \$98,486 because the Department provided insufficient justification for these expenditures.

Of the requested supplemental appropriation of \$334,000, the Budget Analyst recommends approval of \$67,000, and disapproval of \$228,289 and considers approval of \$38,711 to be a policy matter for the Board of Supervisors.

Recommendations: File 01-0677

1. Reduce the proposed one new permanent Contract Compliance Officer II and three new permanent Contract Compliance Officer I by \$15,000, from \$60,000 for salaries and fringe benefits to \$45,000, for the period from May 15, 2001 through June 30, 2001, as noted in Comment 7.

2. Disapprove one Manager VIII (see Comment 6), three Contract Compliance Officer I positions and one Senior Clerk Typist (see Comment 7), one Senior Administrative Analysts and one Supervising Fiscal Officer (see Comment 4), and one Senior Clerk Typist (see Comment 17), totaling \$114,804 in salary and mandatory fringe benefits.

3. Approve \$22,000 for computers and workstations and disapprove \$98,486, as noted in Comment 19.

Implementation of these three recommendations would result in a reduction of \$267,000, from \$334,000 to \$67,000, as follows:

|                                       | Amount<br>Requested | Amount<br>Recommended | Budget<br>Analyst's<br>Recommended<br>Reductions |
|---------------------------------------|---------------------|-----------------------|--|
| Permanent Salaries                    | \$166,808           | \$35,156              | \$131,652  |
| Mandatory Fringe Benefits             | 46,706              | 9,844                 | 36,862   |
| Professional and Specialized Services | 35,030              | 22,000                | 13,030   |
| Materials and Supplies                | 85,456              | 0                     | 85,456   |
| <b>Total</b>                          | <b>\$334,000</b>    | <b>\$67,000</b>       | <b>\$267,000</b>                                 |

If the Board of Supervisors approve the two new positions considered to be a policy matter, one Manager VIII position and one Contract Compliance Officer II position, totaling \$38,711, then the total amount of the Budget Analyst's recommended reduction would be \$228,289, from \$334,000 to \$105,711.

4. Approval of one new Manager VIII position (see Comment 15) and one new Contract Compliance Officer II position (see Comment 16), totaling \$38,711 in salary and mandatory fringe benefits, is a policy matter for the Board of Supervisors.

File 01-0678

5. Amend lines 3 through 5, to state "Amending Ordinance 181-00 (Annual Salary Ordinance 2000/2001) Reflecting the Creation of Four New Positions in Administrative Services, Office of Contract Administration", and amend lines 12 through 17 to delete 8 positions, including one Manager VIII, three Contract Compliance Officer I positions, two Senior Clerk Typists, one Senior Administrative Analyst, and one Supervising Fiscal Analyst. Implementation of this recommendation would result in approval of one Contract Compliance Officer II and one Contract Compliance Officer I. Approval of one Manager VIII position and one Contract Compliance Officer II position is a policy matter for the Board of Supervisors.

File 01-0677

6. Amend page 2, line 1, to delete "3320 B 4036" and add "3162 B 3844" to reflect the actual salary steps for the Manager VIII position in FY 2000-2001, as noted in Comment 21.

File 01-0678

7. Amend line 12 to delete "\$3320 B 4036" and add "3162 B 3844" to reflect the actual salary steps for the Manager VIII position in FY 2000-2001, as noted in Comment 21.

8. Require DAS Office of Contract Administration to submit detailed information regarding the MCO compliance monitoring program to the Board of Supervisors during the FY 2001-2002 budget review, as noted in Comment 7.

9. The Budget Analyst recommends that the Board of Supervisors request a review of the Prevailing Wage compliance monitoring program to determine the effectiveness of the City's current monitoring effort, the incidence of violations of the Prevailing Wage requirements, and the need for additional staff to perform the function of the proposed Office of Contract Administration. This review could be conducted by the Controller, the Budget Analyst, the Legislative Analyst, or an outside contractor, as determined by the Board of Supervisors, as noted in Comment 13.

10. Require that the Office of Contract Administration charge costs for monitoring MCO and Prevailing Wage requirements to the appropriate City Departments on a work order basis when services are provided to non-General Fund Departments in order to reduce future General Fund costs, as noted in Comment 20.

Item 9 - File 01-0257

**Department:** Department of the Environment  
Mayor's Office of Economic Development

**Item:** Hearing to consider the release of reserved funds for the Department of the Environment for the Environmental Health and Energy (EHE) Initiative (see Comment 1) in the amount of \$13,000,000 to (1) initially fund 13 grants for projects in the Bayview Hunters Point and Potrero areas in the amount of \$8,614,393 which have been recommended by the Department of the Environment based on a Request for Proposal process; (2) pay for administrative costs for the Department of the Environment in the amount of \$1,300,728; and, (3) subsequently fund additional grants to continue the EHE Initiative program for projects wherein the grantees have not yet been identified in the amount of \$3,084,879.

**Amount:** \$13,000,000

**Source of Funds:** State grant funds appropriated and reserved by the Board of Supervisors for the Mayor's Office of Economic Development in FY 1999-2000 budget, pending submission of budget and program details. According to Mr. David Assmann of the Department of the Environment, the subject \$13,000,000 was placed in the Mayor's Office of Economic Development until an exact plan could be determined on how the monies would be disbursed to the Bayview Hunters Point and Potrero communities. Mr. Assmann states that due to the legislative language around environmental mitigation and level of oversight required, the Department of the Environment was charged with developing and administering the grant program. Therefore, Department of the Environment requests that the subject funds in the amount of \$13,000,000 on reserve in the Mayor's Office of Economic Development be released to the Department of the Environment since the Department of the Environment will manage the Environmental Health and Energy Initiative.

**Description:** In the Fall of 1998 the State of California appropriated funding in the amount of \$13,000,000 to support the City

and County of San Francisco with \$3,000,000 to be used to mitigate community issues and avoid environmental impacts arising from the sale of the Potrero Power Plant by the Pacific Gas and Electric Company and \$10,000,000 to be used by the City and County for infrastructure associated with the shut down of the Hunters Point Power Plant and the sale and possible expansion of the Potrero Power Plant.

According to Mr. Assmann, in the Fall of 1999, one year later, the Mayor directed the Department of the Environment, in collaboration with the Mayor's Office of Economic Development, to develop a program for the disbursement of the \$13,000,000 in State funds previously appropriated and reserved by the Board of Supervisors in the Mayor's Office of Economic Development's FY 1999-2000 budget.

Mr. Assmann states that a project team consisting of staff members from the Department of the Environment, the Mayor's Office of Economic Development, and Deputy City Attorney Ms. Rona Sandler, concluded that the State grant funds for the affected communities should be allocated to organizations under one to three-year grants. The Commission on the Environment created an Environmental Health and Energy Ad Hoc Committee to oversee the development of the grant program and select applicants to receive funding based on a Request for Proposal (RFP) process in conjunction with the Department of the Environment, according to Mr. Assmann. The Ad Hoc Committee, according to Mr. Assmann, was made up of the Commission on the Environment's President Mr. Randall Hayes, Vice-President Mr. Parin Shah and one Commission member, Ms. Shelley Bradford-Bell. The Ad Hoc Committee sought input from the public, City officials, nonprofit organizations and foundations and held five public meetings, including two in the affected communities, to ensure that all comments and concerns were considered in developing priorities and criteria for the grant program. Based on the State appropriation requirements, public input and staff recommendations, the Ad Hoc Committee prioritized grant projects in the following areas:



1. **Environmental Justice:** Funded projects must address environmental pollution education; community organization on environmental issues; land use, economic and infrastructure development; and, community empowerment.
2. **Environmental Health:** Funded projects must improve the environmental health of community members by focusing on pollution prevention and education; create or enhance open space and recreation; and, improve nutrition of community members.
3. **Energy and Climate Change:** Funded projects must promote renewable energy and energy efficiency; reduce the use and generation of fossil fuels; and develop and promote alternative fuels and modes of transportation.

Attachment VII, provided by the Department of the Environment, describes the Department's outreach efforts to inform all potential grant applicants of the RFP process. According to Mr. Assmann, the Ad Hoc Committee conducted the RFP process in two phases. In phase one, applicants submitted a letter of intent to apply for the subject grant monies, including an initial grant application. The Ad Hoc Committee reviewed all applications and invited 17 of the 50 applicants, who submitted a letter of intent and initial application, to proceed to the second phase and submit a full grant proposal (see page 1 of Attachment I, provided by the Department of the Environment, for the criteria by which the 17 applicants were selected to submit a full grant application). Based on an evaluation of these proposals using the same criteria used to select the 17 applicants to submit a full grant proposal, the Ad Hoc Committee then selected 13 grant applications to receive funding. Attachments II and III, provided by the Department of the Environment, contains the organizations selected, funding recommendations and project descriptions. According to Mr. Assmann, the Department of the Environment has taken the lead role in the Environmental Health and Energy (EHE) Initiative grant program and the RFP process used to select the grantees.



Approval of the proposed release of reserved funds in the amount of \$13,000,000 would (1) fund 13 grants for projects in the Bayview Hunters Point and Potrero communities conducted by 13 organizations in the amount of \$8,614,393; (2) fund \$1,300,728 of Department of the Environment Administrative costs for three years; and (3) provide \$3,084,879 to further implement the EHE Initiative (see Comment 1) through the award of additional grants. Mr. Assmann advises that the first 13 grants would begin on July 1, 2001. The grant period would end by June 30, 2002 for four of the thirteen grantees, June 30, 2003 for three of the thirteen grantees and June 30, 2004 for six of the thirteen grantees. Attachment IV contains the timeline of the 13 selected grantees.

**Budget:**

A summary budget for the proposed Environmental Health and Energy (EHE) Initiative is as follows:

|  |                     |
|--|---------------------|
| 13 Grants  | \$8,614,393         |
| Grant Administrative Costs                                       |                     |
| (Approximately 10% of the \$13 million State Appropriation)      | 1,300,728           |
| Amount for which no funding allocations<br>have been recommended | <u>3,084,879</u>    |
| <b>Total</b>   | <b>\$13,000,000</b> |

Attachment V, provided by the Department of the Environment, contains budget details for the Grant Administrative Costs of \$1,300,728 and the 13 grant budgets. Grant allocations of \$8,614,393 and Grant Administrative Costs budget details of \$1,300,728 have been provided and total \$9,915,121. Mr. Assmann advises that there are no budget details for the balance of \$3,084,879 out of the \$13,000,000 requested since grants have not yet been awarded from these funds.

**Comments:**

1. According to Mr. Assmann, the Environmental Health and Energy Initiative (EHE Initiative) is a grant program based on community input to address the environmental health and energy issues in the Bayview Hunters Point and Potrero Hill neighborhoods. Mr. Assmann advises that the goal of the Environmental Health and Energy (EHE) Initiative is to improve the quality of life of the residents of the Bayview Hunters Point and Potrero Hill

communities. The EHE Initiative proposes to address the environmental and economic disparities in the Bayview Hunters Point and Potrero communities by training and employing residents to conduct assessments and implement programs in the areas of environmental health and energy. Mr. Assmann advises that funding the 13 recommended proposals will provide seed money to alleviate the environmental and economic burdens of the Bayview Hunters Point and Potrero communities. The 13 proposed grantees including Hetch Hetchy, the Department of Public Health, 9 nonprofit organizations and 2 for-profit firms (M. Cubed and Tetra Tech) are shown in Attachment VIII.

2. According to Mr. Assmann, the \$3,084,879 designated for additional EHE Initiative grants will involve the issuance of another Request for Proposal (RFP) for additional projects to mitigate the environmental impact of the two power plants in Bayview Hunters Point and Potrero communities. Mr. Assmann adds that in March 2001, the Mayor directed Dr. Mitch Katz, Director of the Department of the Public Health (DPH), to convene a series of meetings of Department Heads to address the severe health problems of the Bayview Hunters Point community. The Chair of the Board of Supervisors Public Health and Environment Committee has chaired these meetings. After four meetings, additional priority areas were identified in the areas of environmental health and energy.

According to Mr. Assmann, the Department of the Environment is requesting that the remaining \$3,084,879 from the \$13,000,000 State appropriation for environmental mitigation be transferred from the Mayor's Office of Economic Development to the Department of Public Health to establish an Environmental Health and Energy Fund. The priority areas identified in the Department Head meetings and the goals set forth in the EHE Initiative will be used as guidelines for funding grantees selected from the additional RFP. The Budget Analyst recommends that the \$3,084,879 remain on reserve until the RFP process is developed and until the grantees are selected. Attachment VI, provided by the Department of the Environment describes the proposed

process to allocate the remaining funds of \$3,084,879. DPH and the Department of the Environment anticipate issuing an RFP for such additional grants in August 2001, according to Mr. Assmann, for the remaining unallocated grant funds of \$3,084,879.

3. There are five proposed grants for \$500,000 or more. See Attachments III and IV for applicants requesting \$500,000 or more. Those grantees are: (1) Alternative Community Energy (ACE) which is a collaboration between Hetch Hetchy and Bayview-Hunters Point Community Advocates to reduce reliance on fossil fuels in the amount of \$1.5 million. Mr. Assmann advises that Hetch Hetchy will take the lead role in the ACE project and would receive grant funds in the amount of \$1.5 million for the proposed ACE project; (2) Literacy for Environmental Justice is working with the Port to create a living classroom at Heron's Head Park in Hunters Point in the amount of \$897,942. Mr. Assmann advises that the Port will provide approximately \$25,000 of in-kind contributions which include 1,000 square foot of land in Heron's Head Park for a classroom and staff time to assist in project design; (3) Strybring Arboretum will work with the Department of Public Works (DPW) and the Recreation and Parks Department (RPD) on a horticulture program and park improvement in the amount of \$1,500,000. DPW will receive \$145,816 and RPD will receive \$959,979; (4) M. Cubed, a private for-profit firm, will work with the Department of the Environment to create an energy cooperative to reduce and track energy consumption and educate the community about energy reduction measures in the amount of \$1,500,000. The Department of the Environment would be allocated \$65,000 of the \$1,500,000 granted to M. Cubed to collaborate on the project; (5) the Health and Environment Resource Center will work with the Redevelopment Agency to begin planning for the expansion of the Southeast Health Center and its current healthcare services in the amount of \$500,000. According to Ms. Sraddha Mehta from the Department of the Environment, the Redevelopment Agency would serve in an advisory role and no monies are currently budgeted for the Redevelopment Agency in the grant budget.

4. According to Mr. Assmann, the budget for the Administrative Costs includes three new FTE Grant Coordinator positions to manage the Environmental Health and Energy (EHE) Initiative.

| No. of<br>FTE<br>Positions | Classification | Title                | Step 1<br>(Biweekly-<br>Annual) | Step 5<br>(Biweekly-<br>Annual) |
|----------------------------|----------------|----------------------|---------------------------------|---------------------------------|
| 3                          | 1368           | Grant<br>Coordinator | \$1,914<br><br>\$49,764         | \$2,326<br><br>\$60,476         |

According to Mr. Assmann, the annual cost of these positions including fringe benefits ranges from \$63,698 to \$77,409. The Grant Coordinators would manage all grants, provide fiscal and administrative support, negotiate and track grant contracts, conduct site visits, facilitate communication between City Departments and all grantees, manage the grant program database, review all quarterly, annual and final reports from grantees, and produce any necessary reports (see pages 2 and 3 of Attachment I for the justification of the Grant Coordinator positions). Although Mr. Assmann states that the Grant Coordinators will be coded as "G" for grant-funded and would terminate at the end of the proposed three-year grant program, these positions have not yet been designated as "G" positions. All of the new positions are budgeted at Step 2 for year one of the proposed grant program, with increases to Steps 3 and 4 for the second and third year of the proposed grant program. According to Mr. Assmann, the subject Grant Coordinator positions were budgeted at Step 2 because of the anticipated workload and the level of expertise that would be needed to coordinate the proposed Environmental Health and Energy (EHE) Initiative. Mr. Assmann advises that it is possible that the applicants for the Grant Coordinator positions could be hired at Step 1.

The Grant Administrative Costs also includes a 0.2 FTE Deputy Director position and 0.1 FTE Commission Secretary position. Mr. Assmann advises that these



positions are existing permanent positions currently funded by the General Fund budget. The budget details for all Grant Administrative Costs are included in Attachment V. Mr. Assmann advises that the total cost of \$300,000 in professional services is for outside consultants for a three-year period needed to evaluate the progress of each project (see pages 4 and 5 of Attachment I under the subheading Description of how Technical Assistance and Evaluation Costs will be spent). According to Mr. Assmann, the outside professional services consultants have not yet been selected. Therefore, the Budget Analyst recommends continuing to reserve \$300,000 in professional services for the outside consultants, pending selection of such outside consultants and submission of budget details, including estimated hours and hourly rates, to the Finance Committee.

5. According to Mr. Assmann, as explained in Attachment IX, although the State allocated the subject \$13,000,000 to the City in the Fall of 1998, there has been no request made to the Board of Supervisors to expend these funds for approximately 2.5 years because from the Fall of 1999 to date, the Department of the Environment and the Mayor's Office of Economic Development held several community meetings (that began in the Spring of 2000) and developed and implemented a two-phase grant process with guidelines that were based on community input. Mr. Assmann also states in Attachment IX that he has no information on the reason for the delay between the Fall of 1998 and the commencement of the Department of the Environment's involvement in the Fall of 1999.

**Recommendations:**

1. Continue to reserve \$3,084,879 pending the development of the RFP process, selection of grantees and submission of budget details to the Finance Committee, in accordance with Comment 2 above.
2. Continue to reserve \$300,000 in professional services for the outside consultants, pending selection of such consultants and submission of budget details to the Finance Committee, in accordance with Comment 4 above.

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

3. Code the requested three new Grant Coordinator positions as "G" for grant-funded, in accordance with Comment 4 above.
4. Approval of the proposed release of reserve in the amount of \$9,615,121 (\$13,000,000 less \$3,084,879 less \$300,000) is a policy matter for the Board of Supervisors.



TO: Maureen Singleton  
FROM: David Assmann  
DATE: May 1, 2001  
RE: Questions regarding Environmental Health and Energy Grant

Environmental Health and Energy grant selection criteria

Chapter 324 Stats. 1998 (Trailer Bill for CPUC Budget) appropriated \$13 million to the City and County of San Francisco according to the following specifications:

"...and \$13,000,000 shall be expended for the support of the City and County of San Francisco, with \$3,000,000 to be used to mitigate community issues and avoid environmental impacts arising from the sale of the Potrero powerplant by the Pacific Gas and Electric Company and \$10,000,000 to be used by the City and County of San Francisco for infrastructure associated with the shut down of the Hunters Point powerplant or the sale of the Potrero powerplant."

A grant program was developed to disburse the above mentioned funds. The Commission on the Environment, which developed the criteria for awarding the grants, held five public meetings, including two in the Bayview and Potrero Hill communities, to ensure that all comments and concerns were considered in developing the grant program. Based on input from these meetings, the state appropriation, and staff recommendations, the Commission prioritized projects in the environmental justice, environmental health and energy and climate change.

Groups seeking funding were required to submit a letter of intent (LOI). Printed instructions for LOI submissions defined the criteria as follows (see binder section "guidelines" for complete criteria):

- Funding in the environmental justice category will include environmental pollution, education and organizing, land use, economic and infrastructure development, community empowerment and collective decision-making.
- Funding in the area of environmental health will give preference to programs that focus on pollution prevention and education; open space, recreation and nutrition; and solutions to respiratory illness and cancers.
- Funding in the energy and climate change arena will promote renewable energy and energy efficiency, reduce the use and generation of fossil fuels and develop and promote alternative fuels and modes of transportation.
- All project proposals must tangibly impact and improve environmental conditions in the Hunters Point and Potrero neighborhoods. The Commission will give preference to projects that promote infrastructure rather than those that provide an ongoing service.

Also, the instructions specified that grants would not fund the following types of programs: grants or scholarships for individuals, conferences, documentary films, fundraisers, campaign outreach, endowments and budget shortfalls.

In accordance with these guidelines, proposals that best illustrated the project/program would tangibly impact and improve environmental conditions in the two neighborhoods were requested to submit a full proposal. Out of the original fifty LOI's, seventeen were invited to submit full proposals. Of those, fourteen projects representing thirteen groups were ultimately recommended to receive funding.

In reviewing LOI's, the Commission rejected projects that:

- did not meet the guidelines, deadlines or were incomplete;

- did not articulate goals and objectives clearly;
- could not be implemented in the timeframe allotted;
- could potentially collapse without future funding and were deemed not sustainable;
- could not guarantee implemented or sustainable results.

#### Justification for three new positions

##### Scope of Work

The scope of work to administer the grants includes but is not limited to the following activities: management of the EHE initiative, coordination of the grants, fiscal oversight and administrative support to grantees, negotiation and tracking of contracts, site visits, facilitation of communication among city departments and grantees, management of the database, production of reports and coordination of the second Request for Proposal process.

##### Number of Grants:

Fourteen grant proposals were approved in the first round of awards (to 13 organizations); based on the average award, it is anticipated that there will be an additional 7 to 10 grants awarded in the second round, for a grand total of up to 23 grants.

##### Administrative Need for Three Positions

Based on the workload described, we feel it is necessary for the success of this program to hire three grant coordinators to oversee the program. All three coordinators would work directly with grantees providing project management as well as act as liaisons to various city departments, Commissions and community organizations. The grants will be divided between the three coordinators.

##### Grant Coordinators

The main duties of the grant coordinators will involve administrative oversight of the grants. One coordinator will be responsible for all of the fiscal duties listed below. The duties of these positions include but are not limited to the following activities:

- The coordinators are responsible for administrative oversight of the assigned grants. This includes of negotiation of scope of work, budget, payment schedule, schedule of reports, and preparation of contract agreements with grantees.
- Acting as primary point of contact with grantees, the coordinators have the responsibility of ensuring that projects are completed as proposed, meeting timeline goals and projections. Coordinators are expected to identify problem areas with specific projects and assist in identifying solutions. The coordinators will be available to grantees to provide accounting and budgetary assistance as required.
- The coordinators are also responsible for coordination of technical oversight for grants as needed. This includes assessing need for assistance, creation of technical consultant's scope of work, creation and solicitation of RFP, selection of technical consultant, negotiation of contract, and oversight of technical contractor's work.
- The coordinators are responsible for conducting regular site visits to monitor progress, acquire any necessary photos or documentation and verify that invoices submitted for payment reflect the work completed.
- The coordinators are responsible for collecting information from grantees on the status of projects and reporting on progress. The coordinators will then prepare, compile and

distribute reports to the public, various departments, the Board of Supervisors, and the Mayor for each grant project, including progress reports and final summaries.

- The coordinators will act as primary liaisons for selected grantees with the Commission on the Environment, the Department of the Environment, the Mayor's Office, the Board of Supervisors, various City departments and the general public.
- The coordinators are responsible for coordination of second grant process for the remaining \$3,084,879 in grant funds. and overseeing and organizing community workshops and meetings. Duties will include assessing community needs through community meetings, preparation of the guidelines for this second process, assisting in the development of criteria, creation of a selection panel of grantees, distribution of application materials and other background materials, review of proposals and letters of intent and other application materials, coordination with Commission members and other Department of the Environment staff during the selection process, contract negotiations of next group of grantees, and eventual award and administration and oversight of the grants.
- The coordinators are also responsible for fiscal oversight of all 13 grants and the anticipated additional 7-10 more from the second grant process.
- Review and processing of monthly and other invoices from grantees. Including verification of all fiscal documentation such as invoices, cancelled checks and other related documents. Also verification of eligible expenses.
- Ensuring regular payment to grantees, including on-line FAMIS approval of payment processing. Also review of grantee budgets, payments and modifications.
- The coordinators are responsible for the creation and maintenance of a database of grantees including contact information and also accounting and other financial records tracking all expenses and available funds for each individual grantee.
- Preparation of periodic budget and financial reports on grants program. Review of grantee's fiscal documentation and evaluate progress during site visits. Also, will provide fiscal reports on these site visits, either through the regular reports to the Commission, or separately as may be warranted.
- The coordinators are responsible for preparing, compiling and distributing reports for each grant project, including quarterly and annual progress reports and final summary report for distribution to the public through the Department of the Environment and the Commission on the Environment.
- The coordinators will act as primary liaison for selected grantees with the Commission on the Environment, the Department of the Environment, the Mayor's Office, the Board of Supervisors, and the general public.

The budget for grant administration is 10% of the grant amount. For the \$13 million dollar grant program, the administrative budget will be \$1.3 million dollars.

The budget includes overhead costs for the three staff people as well as line items for additional technical expertise, consultants, reports and evaluation.

**Justification of .2 FTE of Deputy Director and .1 FTE of Commission Secretary.**

The scope of work for the Deputy Director of the Department of the Environment includes but is not limited to the following activities: supervision of all grant staff activities; liaison to Board of Supervisors for grant program; and fiscal oversight of grant program.

The scope of work for the Commission Secretary of the Commission on the Environment Department of the Environment includes but is not limited to the following activities: reporting to

the Commission on the Environment; preparing written reports for the Commission and the public; and posting and updating grant information on the Department's web-site.

The time allocation is based on a comprehensive evaluation of the amount of time devoted by Department staff to the granting process to date, as well as the amount of time that will be required to conduct a second granting process; monitoring and supervising the grant process and grantees; and preparing and presenting reports and evaluation during the three year grant program.

General fund savings from the allocation of time for the Deputy Director and the Commission Secretary is being built into our 2001-2002 budget submitted to the Mayor's Office.

Rental costs are based on renting additional space - our current office space cannot accommodate the additional staff - and therefore the rental income will not reduce our general fund requirements.

#### Administrative cost for each year

Administrative costs comprise the budget necessary to operate the grant program. Expense categories include rent, equipment, legal services, and other program-related costs. Over the three-year life of the grant program, 2001-2004, these figures total \$189,626, \$167,281, and \$168,102. Please see Attachment V budget for details.

#### Description of how Technical Assistance and Evaluation costs will be spent.

Some of the projects recommended for funding are of an advanced technical nature, including the installation of solar power generators, and extensive energy-saving retrofits to existing buildings. In order to ensure the success of each project, there is \$50,000 allocated per year for technical assistance. These funds will be used for assistance with specific projects on an as needed basis: for example, in installing solar panels, or to evaluate whether a particular project is maximizing energy savings potential. The Commission on the Environment recommends that any unspent funds earmarked for technical assistance and evaluation be returned to the Environmental Health and Energy fund for future grants. Cost estimates for Technical Assistance and Evaluation are based on the following projected needs for grant administration:

- Energy-related projects for the current grant cycle would require technical consultant(s) at a rate of approximately \$105/hour for 816 hours spread over three years = \$85,680. The consultant(s) would be responsible for recommending and assessing energy-efficient designs for alternative energy projects i.e. solar power systems. The consultant(s) would also make recommendations on energy-saving measures and implementation.

Assuming that the second RFP process would bring in a proportionate number of energy-related projects, we estimate that an additional \$30,683 would be needed for technical consultant(s) for those projects.

- Energy-related projects for the current grant cycle requiring special equipment i.e. photovoltaic panels or solar water heaters would require technical consultants at a rate of approximately \$130/hour for 300 hours spread over three years = \$39,000. The consultants would perform measurement verification of equipment and would review and assess / equipment training and provide assistance in maintenance and monitoring.



Assuming that additional energy-related projects with equipment would be accepted in the second RFP process, we estimate that an additional \$13,966 would be needed for technical consultant(s) for those projects.

- Green building projects for the current grant cycle would require expertise from a green building consultant at a rate of approximately \$95/hour for 120 hours for the three year period = \$11,400. The consultant would recommend the approach for design of the green building projects, advise grantees on aspects of green building that should be incorporated into their projects and inspect progress and completion of green buildings.

Assuming that additional green building projects would be considered in the second RFP process, another \$4,082 should be set aside for those projects.

- Construction projects and capital improvement projects would require technical expertise for reviewing architectural plans, conducting site inspections, and ensuring timely progress of the projects. Consultants may need an engineering background. These consultants would charge approximately \$115/hour for 738 hours for the three year period = \$84,870.

Assuming that additional construction-related projects would be considered in the second RFP process, another \$30,393 would be set aside for those projects.

## FUNDING RECOMMENDATIONS

| Organization/Agency                              | Funding Request | Funding Recommendation | Project Description   |
|--|-----------------|------------------------|---|
| All Hallows Garden                               | \$ 300,000      | -----                  | Rehabilitate the units of All Hallows Garden through audits of mold/ mildew and advocacy of property owners.  |
| Fetch Hetchy: Alternative Community Energy (ACE) | \$ 2,266,220    | \$ 1,500,000           | Reduce reliance of fossil fuels via implementing weatherization retrofits, alternative energy systems and training residents in energy conservation. Design/install systems and create jobs in energy efficiency and design, installation and maintenance of alternative energy facilities.                     |
| Arc Ecology/ Community Window                    | \$ 396,911      | \$ 396,911             | Creation of a "Community Window" center that posts information on status of the Shipyard clean up, Parcel E remediation, community emergency alert and job opportunities. Also will provide an information center for documents and information related to the community concerns.                              |
| Arc Ecology/ Landfill                            | \$ 484,996      | -----                  | Develop ecological restoration concept, analyze technical feasibility of removing the landfill from Parcel E, develop funding plans, and involve the community in remedy and land use planning.   |
| Department of Public Health                      | \$ 330,000      | \$ 330,000             | Increase awareness of health care services, promote preventive care measures, and enroll residents in existing free or low-cost health care plans. Provide one-on-one assistance to residents at local community centers and enroll residents. Distribute literature to residents re: enrollment opportunities. |
| Garden Project                                   |                 |                        | Did not submit their grant proposal before deadline.  |
| Greenaction                                      | \$ 499,999      | \$ 150,000             | Empower community to play a role and make an impact on the neighborhood through outreach, education and advocacy for the following: The shutdown of power plant, clean up of superfund sites, an education campaign to promote an overall environmental agenda.   |
| Health and Environmental Resource Center         | \$ 2,048,803    | \$ 500,000             | The cornerstone of the project is the facility expansion of the Southeast Health Center. Also expansion of the current services of the Breathing Count Program and Breast, Cervical and Prostate Cancer programs.   |
| Housing Conservation & Development Corporation   | \$ 499,853      | \$ 300,000             | Improve housing in the Bayview Hunter's Point and Potrero Hill areas through energy retrofits, energy-efficient appliance replacement and conservation measures. Scope includes a minimum of 120 units per year to get an audit, installation and complete upgrade when necessary.                              |
| Literacy for Environmental Justice               | \$ 897,942      | \$ 897,942             | Creation "Living Classroom" at Heron's Head Park, which would serve as an ecological education center and community meeting place. The center would be a green building aiming to reduce, reuse and recycle water, energy, and materials when able to meet the goal of producing 100% of its energy on site.    |



|                                  |                     |                    |  |
|----------------------------------|---------------------|--------------------|--|
| M. Cubed                         | \$ 2,500,000        | \$ 1,500,000       | Creation of an energy-cooperative Education of energy reduction measures. Train residents on co-op jobs such as community organizing, energy audits and installation   |
| Potrero Hill Neighborhood House  | \$ 475,000          | \$ 475,000         | Conduct an energy retrofit of this neighborhood-serving building to lower the load of energy use. Through monies saved on electricity bills from the retrofits, there would be more funds available for programs offered to the community. The project would include complete weatherization, installation of photovoltaic systems and other alternate energy resources systems.               |
| San Francisco Conservation Corp. | \$ 795,529          | -----              | The project proposes to enroll youth into a training program to teach them job training skills in environmental health, community advocacy and neighborhood beautification. Also aims to improve environmental quality through neighborhood improvement projects.  |
| Strybing Arboretum               | \$ 1,886,961        | \$ 1,500,000       | Enroll/educate residents in horticulture program to enable entry into careers in gardening. Improvement to parks/open spaces through training portion of project by the participants.  |
| Tetra Tech/Potrero Middle School | \$ 355,540          | \$ 355,540         | Installation of solar paneling and windmills to the Potrero Hill Middle School with an interactive education classroom on alternative energy sources, exhibits, and a computer that will measure the electrical output from the solar and wind systems.  |
| Trust for Public Land            | \$ 400,000          | \$ 300,000         | India Basin Shoreline transformation into waterfront recreational facility. This project will be a two-phase process. Phase one has been funded by other sources to include playground, basketball court, landscaping, picnic tables and benches. Request to fund phase two from COE include the installation of interpretive signage, restrooms and a drinking fountain.                      |
| Young Community Developers       | \$ 499,999          | \$ 409,000         | Operate an MBE/WBE environmental services business that will employ residents and provide environmental services. The training will consist of mold/mildew and other asthma trigger audits, lead and asbestos sampling and abatement, landfill, soil, and other hazardous material analysis. YCD will target environmental consulting firms, developers and City Departments for job placement |
| <b>Total</b>                     | <b>\$14,637,753</b> | <b>\$8,614,393</b> |  |

|                    |              |
|--------------------|--------------|
| Total Grant Amount | \$13,000,000 |
|--------------------|--------------|

|                                  |              |
|----------------------------------|--------------|
| Recommended Funding for Grantees | \$ 8,614,393 |
|----------------------------------|--------------|

|                                     |              |
|-------------------------------------|--------------|
| Administrative Budget (approx. 10%) | \$ 1,300,728 |
|-------------------------------------|--------------|

|                                    |              |
|------------------------------------|--------------|
| Balance Remaining (EHE Initiative) | \$ 3,084,879 |
|------------------------------------|--------------|

|       |              |
|-------|--------------|
| TOTAL | \$13,000,000 |
|-------|--------------|

Chapter 324 Stats. 1998 (Trailer Bill for CPUC Budget)  
\$13 Million State Appropriation to the  
City and County of San Francisco

\$13,000,000 shall be expended for the support of the City and County of San Francisco, with

- I) \$3,000,000 to be used to
  - a.) mitigate community issues
  - b.) avoid environmental impacts arising from the sale of the Potrero powerplant by the Pacific Gas and Electric Company
- II) \$10,000,000 to be used by the City and County of San Francisco for infrastructure associated with the shut down of the Hunters Point powerplant or the sale of the Potrero powerplant.

| Organization                                     | Source of Funds | Amount      |
|--|-----------------|-------------|
| Hetch Hetchy: Alternative Community Energy (ACE) | II              | \$1,500,000 |
| Arc Ecology                                      | I               | \$396,911   |
| Department of Public Health                      | II              | \$330,000   |
| Green Action                                     | II              | \$150,000   |
| Health and Environmental Resource Center         | II              | \$500,000   |
| Housing Conservation and Development Corporation | II              | \$300,000   |
| Literacy for Environmental Justice               | II              | \$897,942   |
| M. Cubed   | II              | \$1,500,000 |
| Potrero Hill Neighborhood House                  | II              | \$475,000   |
| Strybing Arboretum                               | I               | \$1,500,000 |
| Tetra Tech/ Potrero Middle School                | II              | \$355,540   |
| Trust for Public Land                            | I               | \$300,000   |
| Young Community Developers                       | I               | \$409,000   |

Total from I: \$2,605,911

Total from II: 6,008,482

Grant Total: \$8,614,393

Administrative Budget: 1,300,728

Balance Remaining: 3,084,879

**TOTAL** \$13,000,000

### TIMELINE

The timeline for grant completion from this initial granting process are as follows: In June 30, 2002, four grants will be completed. In June 30, 2003, three additional grants will be completed. In June 30, 2004, the six remaining grants will be completed.

The number of grants completed and the schedule for their completion, as outlined in the table below, does not include the additional grants, which will be determined by the subsequent RFP process. The timeline for grantees not yet selected from the second granting process will be administered from July 1, 2002 – June 30, 2004. Again, the Department of Public Health, Supervisor Sophie Maxwell and the EHE initiative will drive this subsequent process.

| One Year Awards                 | Two Year Awards              | Three Year Awards                  |
|---------------------------------|------------------------------|------------------------------------|
| July 1, 2001 - June 30, 2002    | July 1, 2001 – June 30, 2003 | July 1, 2001 – June 30 2004        |
| Tetrattech                      | Department of Public Health  | ArcEcology                         |
| Trust for Public Land           | Hetch Hetchy                 | HERC                               |
| Young Community Developers      | Strybing Arboretum           | HCDC                               |
| Potrero Hill Neighborhood House | GreenAction                  | Literacy for Environmental Justice |
|                                 |                              | M.Cubed                            |

### APPLICANTS REQUESTING \$500.000 OR MORE

| <u>Applicant</u>                            | <u>City Department Partner</u>                      | <u>Amount Allocated to City Department</u> |
|---|---|--|
| Strybing Arboretum                          | Department of Public Works<br>Rec & Park Department | \$145,816<br>\$959,979                     |
| Health and Environmental<br>Resource Center | Redevelopment Agency                                | No Funds Allocated                         |
| Literacy for Environmental<br>Justice       | Port  | No Funds Allocated                         |
| M. Cubed                                    | Department of the Environment                       | \$65,000                                   |
| * Hetch Hetchy (ACE)                        | Hetch Hetchy  | \$1,500,000                                |

- \* This City Departments is identified as the project lead but may be sub-contracting work to other organizations, therefore some funds would be disbursed to other organizations.

# Administrative Costs

| Personnel                                       | % of FTE | Glass | BI-Weekly Salary | Fringe % | Fiscal 2001-2002 | Fiscal 2002-2003 | Fiscal 2003-2004 | Total        |
|---|----------|-------|------------------|----------|------------------|------------------|------------------|--------------|
| <b>Class &amp; Title</b>                        |          |       |                  |          |                  |                  |                  |              |
| 001 Grants Coordinator (Special Assistant)      | 1.00     | 1368  | \$ 2,105.40      |          | \$ 54,740        | \$ 58,846        | \$ 63,259        | \$ 176,846   |
| 001 Grants Coordinator (Special Assistant)      | 1.00     | 1368  | \$ 2,105.40      |          | \$ 54,740        | \$ 58,846        | \$ 63,259        | \$ 176,846   |
| 001 Grants Coordinator (Special Assistant)      | 1.00     | 1368  | \$ 2,105.40      |          | \$ 54,740        | \$ 58,846        | \$ 63,259        | \$ 176,846   |
| 001 Deputy Director (Department of Environment) | 0.20     | 1374  | \$ 3,574.00      |          | \$ 10,585        | \$ 19,235        | \$ 19,909        | \$ 57,729    |
| 001 Commission on the Environment Secretary     | 0.10     | AB 27 | \$ 2,115.00      |          | \$ 5,499         | \$ 5,911         | \$ 6,355         | \$ 17,765    |
| 001 Sub-Total Salary                            | 3.30     |       |                  |          | \$ 188,305       | \$ 201,684       | \$ 216,041       | \$ 606,031   |
| 013 Fringe Benefits                             |          |       |                  | 28%      | \$ 52,725        | \$ 56,472        | \$ 60,492        | \$ 169,689   |
| Sub-Total Personnel                             |          |       | \$ 7,242.50      |          | \$ 241,030       | \$ 258,156       | \$ 276,533       | \$ 775,720   |
| <b>Services &amp; Supplies</b>                  |          |       |                  |          |                  |                  |                  |              |
| 02302 Local Field Expense/Training              |          |       |                  |          | \$ 1,920         | \$ 1,920         | \$ 1,920         | \$ 5,760     |
| 03551 Copy Machine                              |          |       |                  |          | \$ 2,700         | \$ 2,700         | \$ 2,700         | \$ 8,100     |
| 03581 Advertising                               |          |       |                  |          | \$ 500           | \$ 500           | \$ 500           | \$ 1,500     |
| 04951 Office Supplies                           |          |       |                  |          | \$ 3,360         | \$ 3,360         | \$ 3,360         | \$ 10,080    |
| Materials & Supplies Sub-Total                  |          |       |                  |          | \$ 8,480         | \$ 8,480         | \$ 8,480         | \$ 25,440    |
| 03000 Rent                                      |          |       |                  |          | \$ 40,236        | \$ 41,041        | \$ 41,062        | \$ 123,138   |
| 06081/06098 Equipment (Computers/Workstations)  |          |       |                  |          | \$ 14,900        | \$ -             | \$ -             | \$ 14,900    |
| 081C5 ISD Services (Computer/Telephone)         |          |       |                  |          | \$ 7,110         | \$ 7,110         | \$ 7,110         | \$ 21,330    |
| 081CT Legal Services (City Attorney)            |          |       |                  |          | \$ 10,500        | \$ 2,250         | \$ 2,250         | \$ 15,000    |
| 081PM Postage                                   |          |       |                  |          | \$ 4,800         | \$ 4,800         | \$ 4,800         | \$ 14,400    |
| 081PR Reproduction                              |          |       |                  |          | \$ 3,600         | \$ 3,600         | \$ 3,600         | \$ 10,800    |
| Sub-Total Services                              |          |       |                  |          | \$ 89,626        | \$ 67,261        | \$ 68,102        | \$ 225,008   |
| 02799 Professional Services                     |          |       |                  |          |                  |                  |                  |              |
| 02799 Technical Assistance                      |          |       |                  |          | \$ 50,000        | \$ 50,000        | \$ 50,000        | \$ 150,000   |
| 02799 Evaluation                                |          |       |                  |          | \$ 50,000        | \$ 50,000        | \$ 50,000        | \$ 150,000   |
| 02799 Sub-Total Professional                    |          |       |                  |          | \$ 100,000       | \$ 100,000       | \$ 100,000       | \$ 300,000   |
| Sub-Total Administrative                        |          |       |                  |          | \$ 430,656       | \$ 425,437       | \$ 444,635       | \$ 1,300,728 |

Source: Department of the Environment



| ORGANIZATION    |  | Y1         | Y2        | Y3          |
|-----------------|--|------------|-----------|-------------|
| 0018            | YOUNG BAY AREA COMMUNITY DEVELOPMENT               |            |           |             |
| Salaries        | Executive Director                                 | \$ 18,750  |           |             |
|                 | Contractor/RME                                     | \$ 32,500  |           |             |
|                 | Environmental Coordinator                          | \$ 12,500  |           |             |
|                 | Operations Manager                                 | \$ 22,500  |           |             |
|                 | Administrative Assistant                           |            |           |             |
|                 | Sr. Field Technician (1)                           |            |           |             |
|                 | Field Technician (6)                               | \$ 106,160 |           |             |
| Fringe Benefits |  | \$ 31,108  |           |             |
| Prof Fees       | HERC   |            |           |             |
|                 | Maritime Construction                              | \$ 35,000  |           |             |
|                 | Accounting   | \$ 4,000   |           |             |
| NonPersonl      | Equipment (purchase or rental)                     | \$ 27,761  |           |             |
|                 | Insurance (liability, auto)                        | \$ 35,000  |           |             |
|                 | Space Rental (lease, mortgage)                     | \$ 60,000  |           |             |
|                 | Supplies (office supplies)                         | \$ 2,000   |           |             |
|                 | Telecommunications (phone services)                | \$ 6,000   |           |             |
|                 | Utilities  | \$ 3,800   |           |             |
|                 | Repairs and Maintenance                            | \$ 2,500   |           |             |
|                 | Other (Safety Uniforms)                            | \$ 7,433   |           |             |
| Total           |  | \$ 409,000 |           | \$ 409,000  |
| 0025            | STRYNGIARBORETUM SOCIETY                           |            |           |             |
| Salaries        | Treasures salaries                                 | \$554,394  | \$ 92,399 |             |
|                 | Project Coordinator                                | \$ 66,657  | \$ 11,143 |             |
|                 | Field Supervisors (4)                              | 197,926    | 32,936    |             |
|                 | SFRP Coordinator                                   | \$ -       |           |             |
|                 | DPW Coordinator                                    | \$ -       |           |             |
|                 | Teaching Assistant                                 | \$ 13,385  | \$ 6,643  |             |
|                 | Instructors/gardens                                | 13,720     | 6,860     |             |
|                 | SAS Education Director                             | 11,000     | 5,500     |             |
|                 | Finance Manager                                    | 16,500     | 8,250     |             |
|                 | Executive Director                                 | 7,950      | 3,975     |             |
|                 | Accountant   | 22,880     | 11,440    |             |
|                 | Payroll Clerk                                      | 0          | 0         |             |
| Fringe Benefits | Standard City employees package                    | 175,392    | 87,696    |             |
| Prof Fees       | Instructors/class                                  | 10,000     | 5,000     |             |
|                 | NJ-recruiting/retention                            | 50,000     | 25,000    |             |
|                 | Auditor  | 6,933      | 3,467     |             |
| NonPersonl      | Equipment (computers, software, overhd, etc)       | 13,467     | 6,733     |             |
|                 | Supplies (plants, training, library, reproduction) | 18,000     | 9,000     |             |
|                 | Telecommunications                                 | 2,267      | 1,133     |             |
|                 | Other (bank fees)                                  | 1,500      | 750       |             |
| Total           |  |            |           | \$1,500,000 |

| ORGANIZATION    |   | Y1         | Y2         | Y3           |
|-----------------|---|------------|------------|--------------|
| 0031            | ENVIRONMENTAL RESOURCES                   |            |            |              |
| Salaries        |   |            |            |              |
|                 | BVHP Health & Environment Resource Ctr    | 38,333     | 38,333     | 38,333       |
|                 | Business Development, Inc.                | 22,500     | 22,500     | 0            |
|                 | Center for Neighborhood Technology        | 25,000     | 25,000     | 15,000       |
|                 | Department of the Environment             | 23,000     | 0          | 0            |
|                 | Grunelch Resource Advocates               | 20,000     | 20,000     | 20,000       |
|                 | Community-Based Training Organization     | 106,667    | 106,667    | 106,667      |
|                 | M. Cubed                                  | 0          | 0          | 0            |
|                 | National Rural Electric Cooperative Assoc | 75,000     | 665,000    | 70,000       |
|                 | Demand Reduction/Shifting Providers       | 6,666.66   | 6,666.66   | 6,666.66     |
| NonPersonl      | M. Cubed                                  | 5,000      | 5,000      | 5,000        |
|                 | Business Development, Inc.                | 5,000      | 5,000      | 5,000        |
|                 | Center for Neighborhood Technology        | 2,000      | 0          | 0            |
|                 | Grunelch Resource Advocates               | 3,333.33   | 3,333.33   | 3,333.33     |
|                 | Community-Based Training Organization     | 332,499.98 | 897,499.65 | 269,999.65   |
| Total           |   |            |            | 1,500,000.00 |
| 0041            | TRUSTED PUBLIC LAND                       |            |            |              |
| Salaries        |   |            |            |              |
|                 | Southern Exposure-Youth Art Project       | 10,050.00  | 0          | 0            |
|                 | Friends of India Basin-Park Stewardship   | 1,000.00   |            |              |
|                 | Literacy for Environmental Justice        | 750.00     |            |              |
| NonPersonl      | Restroom, plumbing, storage unit          | 220,000    |            |              |
|                 | Sewer, electrical & water connection      | 10,000     |            |              |
|                 | Architectural & Engineering fees          | 30,000     |            |              |
|                 | 10% Construction contingency              | 22,000     |            |              |
|                 | Environ Signage research & dev of content | 2,250      |            |              |
|                 | Environ Signage graphic design & layout   | 1,950      |            |              |
|                 | Environ Signage fabrication               | 1,500      |            |              |
|                 | Environ Signage Installation              | 400        |            |              |
| Total           |   |            |            | 300,000.00   |
| 0051            | HEALTH ENVIRONMENTAL RESOURCES            |            |            |              |
| Salaries        |   |            |            |              |
|                 | Director                                  | 7,000      | 7,000      | 7,000        |
|                 | Coordinator                               | 5,100      | 5,100      | 5,100        |
|                 | Community Health Worker                   | 12,000     | 12,000     | 12,000       |
|                 | Community Health Workers                  | 16,666.66  | 16,666.66  | 16,666.66    |
|                 | School Nurse                              | 26,666.66  | 26,666.66  | 26,666.66    |
| Fringe Benefits | All Salaries                              | 13,486.66  | 13,486.66  | 13,486.66    |
| Prof Fees       |   | 64,500     | 64,500     | 64,500.00    |
| NonPersonl      | Equipment                                 | 666.66     | 666.66     | 666.66       |
|                 | Supplies                                  | 1,666.66   | 1,666.66   | 1,666.66     |
|                 | Telecommunications                        | 1,333.33   | 1,333.33   | 1,333.33     |
|                 | Printing                                  | 833.33     | 833.33     | 833.33       |
|                 | Other                                     | 16,666.66  | 16,666.66  | 16,666.66    |
| Grand Total     |   |            |            | 500,000      |



| ORGANIZATION    |                                     | Y1      | Y2        | Y3 |
|-----------------|-------------------------------------|---------|-----------|----|
| Salaries        | Project Manager                     | 10,500  | 10,500    |    |
|                 | Project Engineer                    | 9,500   | 9,500     |    |
|                 | Outreach Coordinator                | 52,500  | 52,500    |    |
|                 | Project Manager (Advocates)         | 65,000  | 65,000    |    |
|                 | Project Coordinator                 | 50,000  | 50,000    |    |
|                 | Assistant                           | 8,500   | 8,500     |    |
| Fringe Benefits | All Salaries                        | 39,200  | 39,200    |    |
| Prof Fees       | Trainers                            | 50,000  | 50,000    |    |
|                 | Construction Management             | 29,325  | 29,325    |    |
|                 | Monitor and Maintenance             | 20,000  | 20,000    |    |
| NonPersonl      | 75 solar hot water units            | 198,750 | 198,750   |    |
|                 | 8 photovoltaic system               | 200,000 | 200,000   |    |
|                 | Insurance (liability, auto)         | 1,000   | 1,000     |    |
|                 | Space Rental (lease, mortgage)      | 7,200   | 7,200     |    |
|                 | Supplies (office supplies)          | 1,000   | 1,000     |    |
|                 | Telecommunications (phone services) | 625     | 625       |    |
|                 | Utilities                           | 1,500   | 1,500     |    |
|                 | Tools                               | 1,900   | 1,900     |    |
|                 | Other                               | 2,500   | 2,500     |    |
| Total           |                                     |         | 1,500,000 |    |
| Salaries        | GREENACTION                         |         |           |    |
|                 | GreenAction Ed                      | 7,500   | 7,500     |    |
|                 | Campaigner                          | 15,000  | 15,000    |    |
|                 | Spanish/Cantonese Outreach          | 6,500   | 6,500     |    |
|                 | Project Coordinator                 | 10,000  | 10,000    |    |
|                 | LEJ Youth Coordinator               | 12,500  | 12,500    |    |
| Fringe Benefits | All Salaries                        | 4,120   | 4,120     |    |
| NonPersonl      | Equipment                           | 2,000   | 2,000     |    |
|                 | Space Rental (lease, mortgage)      | 1,800   | 1,800     |    |
|                 | Telecommunications (phone services) | 900     | 900       |    |
|                 | Printing                            | 7,500   | 7,500     |    |
|                 | Administrative fee for Tide         | 7,180   | 7,180     |    |
| Total           |                                     |         | 150,000   |    |

| ORGANIZATION    |   | Y1      | Y2     | Y3      |
|-----------------|---|---------|--------|---------|
| Salaries        | HCDC ED   | 9,000   | 9,000  | 9,000   |
|                 | Coordinator                                       | 20,000  | 20,000 | 20,000  |
|                 | Assistant   | 4,500   | 4,500  | 4,500   |
|                 | Accounting  | 3,600   | 3,600  | 3,600   |
|                 | Public Affairs                                    | 3,333   | 3,333  | 3,333   |
|                 | Construction Administration (in-house)            | 3,333   | 3,333  | 3,333   |
| Fringe Benefits | All Salaries                                      | 3,500   | 3,500  | 3,500   |
| NonPersonl      | Equipment   | 1,200   | 1,200  | 1,200   |
|                 | Space Rental (lease, mortgage)                    | 1667    | 1667   | 1667    |
|                 | Telecommunications (phone services)               | 600     | 600    | 600     |
|                 | Advertising                                       | 1800    | 1800   | 1800    |
|                 | Printing  | 600     | 600    | 600     |
|                 | Construction                                      | 46867   | 46867  | 46867   |
| Total           |   |         |        | 300,000 |
| Salaries        | ARC ECOLOGY                                       | 30,048  | 30,048 | 30,048  |
|                 | All Salaries                                      | 34,250  | 34,250 | 34,250  |
| Fringe Benefits | BHP Advocates                                     | 5,409   | 5,409  | 5,409   |
| Prof Fees       | Environmental Consultant                          | 49,297  | 49,297 | 49,297  |
|                 | Display Design                                    | 2,167   | 2,167  | 2,167   |
| NonPersonl      | Equipment   | 1,333   | 1,333  | 1,333   |
|                 | Insurance (liability, auto)                       | 500     | 500    | 500     |
|                 | Space Rental (lease, mortgage)                    | 4,800   | 4,800  | 4,800   |
|                 | Computer (office supplies)                        | 667     | 667    | 667     |
|                 | Telecommunications (phone services)               | 1,500   | 1,500  | 1,500   |
|                 | Printing  | 2,333   | 2,333  | 2,333   |
| Total           |   |         |        | 396,911 |
| Prof Fees       | POTRERO HILL NEIGHBORHOOD HOUSE                   | 120,000 |        |         |
| NonPersonl      | Tetra Tech/Protect Team Leaders                   | 5,000   |        |         |
|                 | Appliances  | 75,000  |        |         |
|                 | Insulation of the building, labor & materials     | 125,000 |        |         |
|                 | Lighting/Electrical upgrades materials & labor    | 85,000  |        |         |
|                 | Solar Equipment/Installation & Materials          | 85,000  |        |         |
|                 | Fireplace insert, Materials & Labor               | 3,500   |        |         |
|                 | Recycling/Permits/Unanticipated haz waste removal | 14,000  |        |         |
|                 | Administrative Overhead                           | 47,500  |        |         |
| Total           |   |         |        | 475,000 |

| ORGANIZATION   | Y1      | Y2      | Y3        |
|--|---------|---------|-----------|
| <b>0121 DEPARTMENT OF THE ENVIRONMENT</b>                    |         |         |           |
| <b>012101 DEPARTMENT OF THE ENVIRONMENT - GRANT PROGRAMS</b> |         |         |           |
| Salaries   | 85,540  |         |           |
| Prof Fees  | 25,000  |         |           |
| Exploratorium  | 35,000  |         |           |
| Solar Installation   | 65,000  |         |           |
| Equipment - wind and solar                                   | 140,000 |         |           |
| Equipment exhibits and displays                              |         |         |           |
| Repairs and maintenance                                      | 5,000   |         |           |
| <b>Total</b>   |         |         | 355,540   |
| <b>0122 DEPARTMENT OF THE ENVIRONMENT - UTILITIES</b>        |         |         |           |
| <b>012201 DEPARTMENT OF THE ENVIRONMENT - UTILITIES</b>      |         |         |           |
| Salaries   | 19,500  | 9,100   | 9,100     |
| Living Classroom Coordinator                                 | 15,600  | 36,400  | 36,400    |
| Fringe Benefits  | 9,247   | 9,247   | 9,247     |
| Prof Fees  | 27,200  | 27,200  | 27,200    |
| Fiscal Sponsorship   | 21,667  | 21,667  | 21,667    |
| Architectural Design Services                                | 10,000  | 10,000  | 10,000    |
| Construction Management                                      | 1,667   | 1,667   | 1,667     |
| Equipment (purchase or rental)                               | 3,000   | 3,000   | 3,000     |
| Supplies (office & educational materials)                    | 1,000   | 1,000   | 1,000     |
| Staff Training   | 167     | 167     | 167       |
| Outreach Materials for Community Design Migs                 | 166,667 | 166,667 |           |
| Building Construction  | 72,222  | 72,222  | 72,222    |
| Standard Construction Contingency (10%)                      | 347,936 | 358,336 | 191,670   |
| <b>Total</b>   |         |         | 897,942   |
| <b>013 DEPARTMENT OF PUBLIC HEALTH</b>                       |         |         |           |
| <b>01301 DEPARTMENT OF PUBLIC HEALTH - HEALTH SERVICES</b>   |         |         |           |
| Salaries   | 15,290  | 15,740  |           |
| Potrero Hill Family Resource Center                          | 15,400  | 15,400  |           |
| Potrero Hill Neighborhood House                              | 35,000  | 35,000  |           |
| Sojourner Truth Family Resource Center                       | 35,500  | 35,500  |           |
| Children's Council of San Francisco                          | 3,360   | 3,460   |           |
| Potrero Hill Family Resource Center                          | 4,620   | 4,620   |           |
| Sojourner Truth Family Resource Center                       | 5,175   | 5,175   |           |
| SF DPH City & County of SF Indirect Costs @ 10%              | 15,000  | 15,000  |           |
| Children's Council of San Francisco                          | 6,350   | 5,800   |           |
| Potrero Hill Family Resource Center                          | 2,480   | 2,480   |           |
| Potrero Hill Neighborhood House                              | 17,500  | 17,500  |           |
| Sojourner Truth Family Resource Outline                      | 9,325   | 9,325   |           |
| <b>Total</b>   | 165,000 | 165,000 | 330,000   |
| <b>GRAND TOTAL</b>   |         |         | 8,614,393 |

## REMAINING FUNDS

In March 2001, Mayor Willie L. Brown, Jr. directed Dr. Mitch Katz, as head of the Department of Public Health (DPH), to convene a series of meetings of Department Heads to address the severe health problems of the Bayview Hunter's Point community. Supervisor Sophie Maxwell agreed to chair the meetings. After four meetings, several priority areas were identified in the areas of Environmental Health and Energy. The group will next convene in the Bayview Community to receive public input.

The Department of the Environment recommends that the remaining \$3,084,879 from the \$13,000,000 state-appropriation for environmental mitigation be transferred to the Department of Public Health to establish an Environmental Health and Energy Fund. In addition to the priority areas from the emergency task force meetings, the goals set forth in the EHE Initiative will be used as guidelines for funding. The funds will remain on reserve at DPH until an RFP process is developed and grantees are recommended to the Finance Committee of the Board of Supervisors.

Dr. Mitch Katz has agreed to spearhead the effort to disburse the remaining monies. Dr. Katz will be assisted by one of the three grant coordinators working out of the Department of the Environment. We anticipate within the next few months we will solicit community input, develop an RFP and established the exact priority areas for funding. By approximately the first of November we hope to have identified prospective grantees and have finalized recommendations for the Finance committee. The grant administration for the additional grantees will then be assumed by the three grant coordinators at the Department of the Environment.

Outreach Efforts

To ensure that all organizations received information about the grants and how to apply we outreached through several channels. We first held community meetings in the Bayview and Potrero Hill to announce that there would be a granting process and that initial applications would be available on December 5, 2000. When the initial applications were available, they were e-mailed to the 284 members on the Commission on the Environment's e-mail list which includes community groups, environmental advocacy groups, City Departments, and all members of the public that have signed in at Commission meetings. Copies of the initial application were made available at the Department of the Environment, the San Francisco Library, the Bayview Community Advocates office, the Southeast Health Center, and the Potrero Hill Neighborhood House.

We also sent out a mass mailing announcing that the applications were available and where they could be retrieved. This mass mailing went to 162 people and an additional 109 people from the Environmental Health and Energy mailing list were informed. Press releases were sent out to over 100 media outlets and this announcement was posted on the Commission on the Environment's Web-Site as well. Over 1,000 flyers were distributed throughout the Community on cars and bus stops, in stores and businesses, and posted on lightposts and telephone polls and throughout housing developments. Announcements were also printed in three newspapers: The Bay View, The Independent and the Examiner.



The Department of the Environment accepted grant proposals from all organizations including nonprofits, for-profits and City agencies. In accordance with the State appropriation legislation, all organizations were asked to illustrate how their projects or programs would mitigate community issues, avoid environmental impacts arising from the two power plants in the Hunters Point and Potrero Hill neighborhoods, or create infrastructure in the two communities. The application packet for both the letter of intent and the complete proposal stated that community involvement, consensus building activities and collaboration with different community organizations would be considered in the selection process. These statements were included to ensure that for-profit organizations would make a concerted effort to involve the two communities in their projects.

| For-Profit Organizations | Nonprofit Organizations            | Government Agencies         |
|--------------------------|------------------------------------|-----------------------------|
| Tetrattech               | Literacy for Environmental Justice | Hetch Hetchy                |
| M.Cubed                  | HERC                               | Department of Public Health |
|                          | ArcEcology                         |                             |
|                          | Strybing Arboretum                 |                             |
|                          | GreenAction                        |                             |
|                          | Potrero Hill Neighborhood House    |                             |
|                          | Trust for Public Land              |                             |
|                          | Young Community Developers         |                             |
|                          | HCDC                               |                             |



TO: Maureen Singleton  
FROM: David Assmann  
DATE: May 3, 2001  
RE: Delay in Disbursement of \$13,000,000 State Appropriation

Although the State appropriation was secured in the Fall of 1998, the Department of the Environment only became involved in this process in the Fall of 1999. We have no information on the planning of this process or what activities took place between the Fall of 1998 and the Fall of 1999. We cannot comment on why there was a delay prior to our involvement in this granting process.

Our involvement began in Fall of 1999 when Mayor Brown directed the director of the Department of the Environment (DoE), in collaboration with MOED, to develop a program to disburse the funds to the community. DoE and MOED proceeded to comply with the Mayor's directive. The Commission on the Environment established an Environmental Health and Energy Ad Hoc Committee (EHE Committee) to discuss the State appropriation and to advise DoE and MOED in developing the grant process.

In accordance with the intent of the State appropriation legislation (i.e. to alleviate environmental and health-related burdens of the Bayview/Hunters Point and Potrero communities), the EHE Committee, DoE, MOED instituted an open, inclusive, and community-driven process. From Fall of 1999 to date, the two departments have held several community meetings and developed and implemented a two-phase grant process with guidelines that were based on community input. Both phases of the grant program were approved by the EHE Committee.

Item 10 - File 01-0686

**Department:** Recreation and Park

**Item:** Resolution approving and authorizing a First Amendment to a Lease with Theatre Bay Area, a California nonprofit public benefit corporation, related to certain ticket kiosk premises located on Union Square, allowing for the lessee to vacate the original ticket kiosk premises, relocate temporarily to other premises and consent to the demolition of the original kiosk improvements; and authorizing and ratifying the execution and delivery by the General Manager of the Recreation and Park Department of the First Amendment and any related documents, and the taking of such actions by said General Manager as may be necessary in furtherance of this resolution.

**Purpose of Lease:** First Amendment to an existing ground lease agreement

**Lessor:** City and County of San Francisco acting through the Department of Recreation and Park

**Lessee:** Theatre Bay Area, a nonprofit public benefit corporation

**No. of Square Feet and  
Cost Per Month:**

From December 1, 1992 through March 25, 2001, the Theatre Bay Area, a nonprofit public benefit corporation, leased from the Recreation and Park Department approximately 220 square feet on the Stockton Street side of Union Square at \$105 per month (\$1,260 annually), which was approximately \$0.48 per square foot per month or approximately \$5.76 per square foot annually. This ground space was for an outdoor kiosk owned by the Theatre Bay Area on the edge of the sidewalk on the eastern side of Union Square. The Theatre Bay Area used this space to sell, market and distribute tickets to various events and activities.

Under the proposed First Amendment to the original lease agreement, the Theatre Bay Area

BOARD OF SUPERVISORS  
BUDGET ANALYST

would relocate for approximately 17 months, retroactive from March 25, 2001 through August 2002, from its 220 square feet of outdoor space on the Stockton Street side of Union Square to the first level of the underground Union Square Garage to occupy approximately 461 square feet at \$105 per month (\$1,260 annually), which is approximately \$0.23 per square foot per month or approximately \$2.76 per square foot annually.

The Theatre Bay Area moved from the outdoor kiosk space to the first level of the Union Square Garage on March 25, 2001, prior to Board of Supervisors approval of the proposed First Amendment.

**Annual Rent Payable  
by Theatre Bay Area  
to the City:**

\$1,260 annually. According to the original lease agreement dated December 1, 1992, this base monthly rent does not have any annual rental increases. As of the writing of this report, the Recreation and Park Department was unable to provide the Budget Analyst with an explanation for why no annual increase in rent was included in the original lease.

**Percentage Rent:**

In addition to the minimum basic rent noted above, the Theatre Bay Area is required to pay the City 5 percent of the amount by which Annual Net Service Charges collected by the Theatre Bay Area exceeds the base amount of \$160,000. Annual Net Service Charges are the gross receipts of business conducted on the premises less costs. According to Mr. Chris Mack of the Recreation and Park Department the Annual Net Service Charges collected by the Theatre Bay Area exceeded the base amount of \$160,000 during one year of the existing lease, fiscal year 1996-1997, when Annual Net Service Charges exceeded the base amount by \$11,173. During fiscal year 1996-1997, percentage rent paid by Theatre Bay Area to the City totaled \$558.65 (5 percent of \$11,173).

**Utilities and Janitor**

**Provided by Lessor:**    Paid by tenant

**Term of Lease:**            10-year lease that commenced December 1, 1992  
and terminates November 30, 2002

**Description:**            According to Mr. Mack, the City entered into a lease on December 1, 1992 with Theatre Bay Area for approximately 220 square feet of outdoor space on the Stockton Street side of Union Square. Mr. Mack advises that the Board of Supervisors approved this lease in 1992. The term of the lease was for five years, with an option to the Theatre Bay Area to extend the initial term for an additional five years. The Theatre Bay Area exercised its option to extend the lease on July 23, 1997, to become effective on December 1, 1997. The expiration of the additional five-year term is November 30, 2002.

Mr. Mack reports that the Theatre Bay Area previously used the outdoor kiosk space and currently uses the indoor space on the first level of the Union Square Garage for the sale, marketing and distribution of tickets for performing arts, theater, amusement and family related events and activities. The Theatre Bay Area also distributes free of charge theater directories, tourism information and public transit maps. Mr. Mack advises that the Theatre Bay Area is funded by ticket sales and private donations.

On February 22, 1999, the Board of Supervisors approved a lease agreement between the City and the Uptown Parking Corporation, a nonprofit corporation, for the Uptown Parking Corporation to lease and maintain the Union Square Garage (File 98-2131).<sup>1</sup> Under the terms of such lease, the Uptown Parking Corporation has already demolished the original outdoor kiosk occupied by the Theatre Bay Area in order to make various improvements to the Union Square Garage and

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<sup>1</sup> The Uptown Parking Corporation has an agreement with San Francisco Parking, Inc. to operate the Union Square Garage.

Union Square Park, including constructing a new pavilion on the Powell Street side of Union Square. The source of revenue for improvements the Union Square Garage and the Union Square Park are 1999 Parking Revenue Bonds, approved by the Board of Supervisors on March 5, 1999 (File 98-2131). According to Mr. Mack, the pavilion will include a 510 square foot space designed for a concessions operation, along with an additional 420 square feet that for a visitors center, a total of 930 square feet.

Under the proposed First Amendment to its existing lease, the Theatre Bay Area would be authorized, on a retroactive basis, to move from the 220 square feet of outdoor space on the Stockton Street side of Union Square for improvements to Union Square Park to be made by the Uptown Parking Corporation. As previously noted, this move occurred on March 25, 2001. The First Amendment would also retroactively authorize the Theatre Bay Area to relocate temporarily to 461 square feet of space on the first level of the Union Square Garage, which is owned by the City and leased to the Uptown Parking Corporation, while Union Square is renovated and a new pavilion is built. Under the proposed First Amendment to the Lease, the Theatre Bay Area would be authorized, on a retroactive basis, to: (1) vacate the existing outdoor kiosk and relocate from March 25, 2001 until the earlier of the date that the pavilion is substantially complete and ready for occupancy or November 30, 2002, the end of its leasehold, to 461 square feet of space located on the first level of the Union Square Garage; and (2) consent to the demolition of the outdoor kiosk.

According to Mr. Mack, on March 25, 2001 the Uptown Parking Corporation entered into a sublease agreement with the Theatre Bay Area to permit the Theatre Bay Area to occupy the proposed temporary space in the Union Square Garage. Under the sublease agreement between the Theatre Bay Area and the Uptown Parking Corporation, which is not subject to Board of



Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

Supervisors approval, according to Ms. Mariam Morley of the City Attorney's Office, the Uptown Parking Corporation authorizes the Theatre Bay Area to occupy temporarily the 461 square feet of space on the first level of the Union Square Garage while the new pavilion is being constructed. The Theatre Bay Area is occupying temporarily this 461 square feet of space at the same rental rate of \$105 per month as has been paid under the existing lease with the Recreation and Park Department. The rent is paid to the Recreation and Park Department with no rent being paid to the Uptown Parking Corporation.

Under the proposed First Amendment to the existing lease between the Recreation and Park Department and the Theatre Bay Area, the Theatre Bay Area would occupy the proposed temporary 461 square feet of space in the Union Square Garage until the earlier of the following:

- (a) the date that the new pavilion is substantially complete and ready for occupancy by the Theatre Bay Area;
- (b) the expiration date of the existing lease with the Recreation and Park Department, which is November 31, 2002; or
- (c) the date as of which the Sublease Agreement between the Uptown Parking Corporation and Theatre Bay Area expires or terminates.

Under the sublease agreement between the Uptown Parking Corporation and the Theatre Bay Area, the sublease agreement expires or terminates on the earlier of the following:

- (a) 15 days after the substantial completion of the construction of the pavilion; or
- (b) November 30, 2002.

Comments:

1. According to Mr. Mack, construction of the new pavilion is anticipated to be completed by August of 2002. Upon completion of renovation of the Union Square Garage by the Uptown Parking Corporation, the Theatre Bay Area would move from the first level of the Union Square Garage to 510 square feet of new pavilion space on the Powell



Street side of Union Square under its existing lease with the Recreation and Park Department. Mr. Mack reports that the estimated fair market value of the 510 square feet of pavilion space is between \$10 and \$20 per square foot per month which would result in total annual rent of between \$61,200 and \$122,400 payable by the Theatre Bay Area, or another business which enters into a new lease with the Recreation and Park Department for the pavilion when the Theatre Bay Area's lease expires on November 30, 2002.

2. Mr. Mack and Mr. Gerald Romani of the Real Estate Division could not provide any information regarding fair market value rent being paid by the Theatre Bay Area under the existing lease. Mr. Romani advised that the Real Estate Division has not been involved with this subject lease.

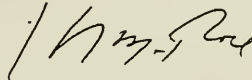
3. When the existing lease between the City and Theatre Bay Area expires on November 30, 2002, according to Mr. Mack, the City would enter into a new lease for the entire 930 square feet of pavilion space which includes space for a concessions operation and a visitor center and rent would be set at fair market value, as determined by a competitive bidding process, with annual increases in rent based on Consumer Price Index adjustments.

4. As previously noted, on March 25, 2001, the Theatre Bay Area entered into a sublease agreement with the Uptown Parking Corporation to permit the Theatre Bay Area to occupy the 461 square feet of space on the first level of the Union Square Garage. The Theatre Bay Area vacated the original outdoor kiosk on the Stockton Street side of Union Square on March 25, 2001 and relocated to the first level of the Union Square Garage. According to Ms. Morley, the City's lease with the Uptown Parking Corporation allows the Uptown Parking Corporation to sublease space in the garage to retail or commercial uses if that space is unsuitable or unnecessary for parking.

Memo to Finance Committee  
May 9, 2001 Finance Committee Meeting

5. According to Ms. Morley, approval by the Board of Supervisors of the proposed First Amendment to the existing lease ratifies all actions taken to date by the Recreation and Park Department.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

Supervisor Leno  
Supervisor Peskin  
Supervisor Gonzalez  
Clerk of the Board  
Controller  
Steve Kawa



BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 544-5227

NOTICE OF SPECIAL OFF SITE MEETINGS  
FINANCE COMMITTEE  
Board of Supervisors

Notice is hereby given that the Finance Committee of the Board of Supervisors of the City and County of San Francisco, will hold special meetings in the community to receive public input on the City and County of San Francisco 2001-2002 Budget as follows:

Saturday, May 12, 2001; 10:00 a.m.  
James Denman Middle School  
241 Oneida Street\*

Wednesday, May 16, 2001; 7:00 p.m.  
Stonestown YMCA, Lane Senior Annex  
3150 20<sup>th</sup> Avenue\*

Thursday, May 17, 2001; 7 p.m.  
Everett Middle School  
450 Church Street\*

Saturday, May 19, 2001; 12:00 p.m.  
Southeast Community Facility  
1800 Oakdale Avenue\*

Wednesday, May 23, 2001; 7 p.m.  
George Moscone Elementary School  
2576 Harrison Street\*

Wednesday, May 30, 2001; 5:30 p.m.  
Tenderloin Police Station  
301 Eddy Street\*

Thursday, May 31, 2001, 6:30 p.m.  
Newcomer High School  
2340 Jackson Street.\*

If a quorum of the Finance Committee members are not present, Supervisor Mark Leno will hold a town hall meeting for the purpose of receiving community input on the City and County of San Francisco 2001-2002 Budget.

Note: Other special off-site meetings will be held during the month of May 2001.

\*These meetings are pending Board of Supervisors action on Monday, April 23, 2001.

  
GLORIA L. YOUNG  
Clerk of the Board

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APR 19 2001

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**City and County of San Francisco**  
**Meeting Minutes**  
**Finance Committee**

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

*Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez*

*Clerk: Gail Johnson*

**Wednesday, May 16, 2001**

**10:00 AM**

**City Hall, Room 263**

**Regular Meeting**

**Members Present:** Mark Leno, Aaron Peskin, Matt Gonzalez.

**MEETING CONVENED**

*The meeting convened at 10:10 a.m.*

**010734 [Sale of surplus property under the jurisdiction of PUC to San Mateo County]**

Resolution authorizing and approving the agreement of sale of a permanent non-exclusive easement of City-owned property located in an unincorporated area of San Mateo County being a portion of Lot 9, Assessor's Block 23, located near Esther Lane and Hillcrest Drive, near Redwood City, in the Oak Knoll Manor District to the County of San Mateo. (Real Estate Department)

4/19/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Department of Administrative Services.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010764 [Lease of Property]**

Resolution authorizing the lease of real property at 3120 Mission Street for the Department of Human Services. (Real Estate Department)

(Fiscal impact; District 9)

4/25/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Department of Administrative Services; Tony Lugo, Employment Services Director, Department of Human Services; Rose Chow, Facilities Manager, Department of Human Services.*

*Amended on page 1, line 15, by deleting "of no less than 7,650 s.f." Further amended on page 1, line 18, by replacing "to offset costs and the common use of space" with "that shall increase annually in accordance with CPI adjustments to the City's base rent."*

**AMENDED.**

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010730 [Reserved Funds, Department of Parking and Traffic]**

Hearing to consider release of reserved funds, Department of Parking and Traffic (fiscal year 2000-01 budget), in the amount of \$173,741 to cover anticipated overrun in overtime expenditures of the department's Enforcement Division. (Parking and Traffic Department)

4/18/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Julia Dawson, Department of Parking and Traffic.*

*Release of reserved funds in the amount of \$173,741 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010738 [Lease of Star Hotel]**

**Supervisors Ammiano, Peskin, Newsom**

Resolution authorizing and approving the lease by and between the City and County of San Francisco, for the Department of Public Health, as Tenant, and Sonali Holdings, LLC, as Landlord, for the Star Hotel located at 2176-2178 Mission Street.

(Fiscal impact; District 9.)

4/23/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc Trotz, Department of Public Health. Supervisor Peskin added as co-sponsor.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010760 [Reserved Funds, Department of Public Health]**

Hearing to consider release of reserved funds, Department of Public Health (File 002010 - AB2034 Grant Funds, Resolution No. 1033-00), in the amount of \$490,667 to fund property management services by the John Stewart Company at two facilities located at the Star and Camelot Hotels for seriously mentally ill and dual/multiply diagnosed adults. (Public Health Department)

4/27/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc Trotz, Department of Public Health.*

*Release of reserved funds in the amount of \$490,667 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010729 [Reserved Funds, Department of Public Health]**

Hearing to consider release of reserved funds, Department of Public Health (fiscal year 2000-01 budget), in the amount of \$3,371,740 to fund the programming and planning phase of the Laguna Honda Hospital Replacement Program. (Public Health Department)

4/19/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Lane, Department of Public Works.*

*Release of reserved funds in the amount of \$3,371,740 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010761 [Reserved Funds, Department of Public Health]**

Hearing to consider release of reserved funds, Department of Public Health, (Ordinance No. 308-98, Mangini settlement revenue), in the amount of \$20,000 to continue funding of an existing Health Educator position in the Mangini budget for the period March 2002 through June 2002. (Public Health Department)

4/23/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Chief Financial Officer, Department of Public Health.*

*Release of reserved funds in the amount of \$20,000 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010506 [Supplemental Appropriation]  
Supervisor Peskin**

Hearing regarding upcoming supplemental appropriations comprised of a report by the City Controller on supplemental budgetary items, reprogramming of funds within Departments, and other previously unforeseen fiscal actions by City Departments that will be brought before the Finance Committee.

3/19/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Edward Harrington, Controller; John Bardis.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010549 [Appropriation, funding for uniform firefighters and investigators overtime]**

Ordinance appropriating \$2,991,267 from the General Fund Reserve and various departmental revenues to fund the cost of uniform firefighters and investigators overtime in the Fire Department for fiscal year 2000-01. (Controller)

(Fiscal impact.)

3/28/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Chief Tobacco, Fire Department; Jim Corrigan; Edward Harrington, Controller.*

*Amended on page 1 as follows: On lines 2 and 25, by replacing "\$2,991,267" with "\$2,160,476"; on line 11, by replacing "\$1,626,267" with "\$795,476"; and on line 22, by replacing "\$2,486,267" with "\$1,655,476."*

*Continued to 5/23/01.*

**AMENDED.**

Ordinance appropriating \$2,160,476 from the General Fund Reserve and various departmental revenues to fund the cost of uniform firefighters and investigators overtime in the Fire Department for fiscal year 2000-01. (Controller)

(Fiscal impact.)

**CONTINUED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010711 [Appropriation, funding the Sheriff's Department shortfalls in salary, overtime, holiday pay and workers compensation]**

Ordinance appropriating \$2,971,186 from the General Fund Reserve to cover the shortfalls on salaries, overtime, holiday pay and workers compensation at the Sheriff's Department for fiscal year 2000-01.  
(Controller)

(Fiscal impact.)

(Supervisor Peskin dissenting in Committee)

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Hennessey, Sheriff; Jean Mariani, Sheriff's Department; Erin McGrath, Mayor's Office.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Leno, Gonzalez

Noes: 1 - Peskin

**010781 [Appropriation, Energy Costs]**

Mayor

Ordinance appropriating \$4,032,000 of the General Fund Reserve to fund the energy costs incurred by Light, Heat and Power for General Fund supported departments for fiscal year 2000-01.

(Fiscal Impact.)

4/30/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Chief Financial Officer, Department of Public Health.,*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010860 [Special Assistants]**

Supervisor Peskin

Hearing to review current efforts towards reclassification of Special Assistant positions in San Francisco government, and to address reclassifications requested since January 1, 2001 as well as planned reclassifications by City Departments.

5/7/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Andrea Gourdine, Human Resources Director; Carol Isen, Associate Director, Professional and Technical Engineers, Local 21; John Bardis.*

*Continued to 5/30/01.*

**CONTINUED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**ADJOURNMENT**

*The meeting adjourned at 12:49 p.m.*

0.25  
6/01  
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 10, 2001

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

MAY 15 2001

SUBJECT: May 16, 2001 Finance Committee Meeting

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Item 1 - File 01-0734

Departments: Public Utilities Commission (PUC)  
Department of Administrative Services, Real Estate  
Division (RED)

Item: Resolution authorizing and approving the agreement of sale of a permanent non-exclusive easement of City-owned property located in an unincorporated area of San Mateo County, consisting of a 290 square foot portion of Lot 9, Assessor's Block 23, located near Esther Lane and Hillcrest Drive, near Redwood City, in the Oak Knoll Manor District to the County of San Mateo.

Description: According to Ms. Jean Medlar of the Real Estate Division, the City and County of San Francisco has owned a 697 square foot portion of Lot 9, a landlocked parcel, in an unincorporated area of San Mateo County since October 24, 1922. This triangular 697 square foot portion of Lot 9 is referred to as Parcel Reference No. 2895 of the Bay Division Pipeline 1 and 2. Ms. Medlar reports that the subject easement area of approximately 290 square feet is within this 697 square foot triangular parcel of land.



Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

In December of 1971, the Public Utilities Commission (PUC) entered into an agreement with the County of San Mateo for a revocable permit, allowing the County of San Mateo to install and maintain a sewer line measuring six-inches in diameter to cross through the 290 square foot easement area owned by the City. Under the revocable permit granted to the County of San Mateo by the PUC in December of 1971, the County of San Mateo installed and has since maintained the six-inch sewer line in the easement area. According to Mr. Gary Dowd of the PUC, under this permit the County of San Mateo does not pay an annual fee for its use of the easement area because it is PUC's policy not to charge other municipalities to have their utility lines located in a City-owned easement area when the utility provides a public benefit, such as a sewer line. Mr. Dowd advises that the PUC may have charged San Mateo County a one-time processing fee in 1971 for this permit, however, according to Mr. Dowd, there is no documentation from 1971 to support such a transaction between the PUC and San Mateo County.

According to Mr. Harry Quinn of the Real Estate Division, the PUC is requesting authorization to sell the non-exclusive sewer line easement rights to San Mateo County instead of continuing an agreement providing San Mateo County with a revocable permit because the PUC recently declared this parcel of land to be surplus to the City's needs. Further, San Mateo County wishes to obtain permanent easement rights for their sewer line instead of having a revocable permit since the applicable sewer line pertains to a public health and safety issue (see Attachment).

The proposed resolution would: (1) authorize the sale of non-exclusive sewer line easement rights to the County of San Mateo at a sale price of \$5,000, or approximately \$17.24 per square foot, and (2) authorize the Director of the Property to execute an easement deed and any necessary additional documentation required to bring about the sale of such rights. The rights attached to this ownership include the right to construct, reconstruct, install, inspect, maintain, replace, remove, add to, and repair an underground sewer line.



**Comments:**

1. On February 27, 2001, the PUC approved a resolution (Resolution No. 01-0048) authorizing the sale of this non-exclusive sewer line easement to the County of San Mateo. On April 4, 2001, the County of San Mateo approved a resolution (Resolution No. 64346) authorizing the purchase of this non-exclusive sewer line easement.

2. According to Ms. Medlar, the \$5,000 sale price for the non-exclusive sewer line easement represents the fair market value.

3. Ms. Medlar advises that because the County of San Mateo is purchasing a non-exclusive sewer line easement, the City could grant easement rights to other entities, companies or individuals. The City could grant easement rights to other utilities to have power lines cross over the parcel, or to individuals to have a footpath cross over the parcel. Ms. Medlar reports that any new easement rights could not interfere with the County of San Mateo's right to maintain a sewer line as outlined in the easement deed between the City and the County of San Mateo. Ms. Medlar further reports that the City continues to own the 697 square feet of land which includes the 290 square feet of easement area.

4. According to Mr. Charles Sullivan of the City Attorney's Office, under the terms of the proposed deed, the County of San Mateo will be responsible for all maintenance, repair, and insurance costs for the County of San Mateo's uses of the 290 square foot easement area. Mr. Sullivan further explains that under the terms of the proposed deed, the County of San Mateo would indemnify the City and County of San Francisco from all claims and liabilities arising from the County's use of the 290 square foot easement area.

5. According to Mr. Quinn, the City is selling the non-exclusive sewer line easement rights in the 290 square foot easement area to San Mateo County instead of selling the entire 697 square foot landlocked parcel because, as Mr. Quinn states in his attached April 9, 2001 memorandum, "None of the adjacent property owners, or the County of San Mateo, was interested in the purchase of this landlocked parcel. However, upon the failure of a

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nearby property owner's septic system, the County of San Mateo Environmental Health Department ordered this property to join the County sewer system. The only feasible way to facilitate this involved installing pipe from that property, through adjacent lands, to the County sewer line in the City owned parcel."

**Recommendation:** Approve the proposed resolution.

## City and County of San Francisco

Real Estate Division  
Administrative Services Department

## MEMORANDUM

April 9, 2001

**TO:** Harvey M. Rose . . .  
Budget Analyst, Board of Supervisors

**FROM:** Harry J. Quinn *[Signature]*  
Assistant Director of Property

**SUBJECT:** Sale of Non-Exclusive Easement Rights  
To the County of San Mateo

## VIA FACSIMILE AND BY MAIL

The City and County of San Francisco owns an approximate 697 square foot plot of land known as Parcel Reference Number 2895 Bay Division Pipelines 1 and 2, in an unincorporated area of San Mateo County near Redwood City. It is under the jurisdiction of the SFPUC. In 1971, City granted the County of San Mateo a revocable permit to install and maintain a six inch sewer line to cross through this parcel. City was paid a one-time processing fee, as was commonly done at the time.

The SFPUC recently declared this parcel of land to be surplus. None of the adjacent property owners, or the County of San Mateo, was interested in the purchase of this landlocked parcel. However, upon the failure of a nearby property owner's septic system, the County of San Mateo Environmental Health Department ordered this property to join the County sewer system. The only feasible way to facilitate this, involved installing pipe from that property, through adjacent lands, to the County sewer line in the City owned parcel.

It was brought to San Mateo County's attention that their right to use the parcel was related to a revocable permit. The County wanted permanent easement rights for their sewer line since it is a public health and safety issue and City agreed to sell non-exclusive easement rights for \$5,000. Since the County's current permit can be revoked at anytime, it would cause a great hardship and expense both to the County of San Mateo and adjacent property owners. This sale will not impact City's ability to sell additional easements over the parcel or the parcel, itself.

cc Anna Weinstein, Associate Budget Analyst



Item 2 - File 01-0764

**Departments:** Department of Administrative Services, Real Estate  
Division (RED)  
Department of Human Services

**Item:** Resolution authorizing a new lease of 37,000 square feet of real property at 3120 Mission Street for the Department of Human Services (DHS). DHS is anticipating subleasing approximately 5,100 of the 37,000 square feet to 13 other governmental and nonprofit agencies working with DHS for the purposes of the Federal Workforce Investment Act of 1998 (see Comment No. 3).

**Location:** Entire ground floor of 3120 Mission Street

**Purpose of Lease:** Under the proposed lease, the City would lease 37,000 square feet of space to house the Department of Human Service's "Career Link One Stop Center." The Federal Workforce Investment Act of 1998 required that by March 31, 2001, the City was to have a full service one-stop center to provide employment and training resources for DHS clients as well as related social services including CalWorks, MediCal, and Food Stamps. Mr. Tony Lugo of DHS advises that the "Career Link One Stop Center," which provides workforce development and related self-sufficiency and support services, meets the Federal requirements. He advises that the "Career Link One Stop Center" has been operating in the subject property since 1998. However, the State Employment Development Department (EDD) has been the main tenant in the subject property. During that time, the Center provided only limited services. Under the proposed lease, DHS would become the main tenant and the proposed Center would provide a wider variety of workforce development and related self-sufficiency and support services in one location and thus become a full service center. Mr. Lugo advises that this Center would be a change in the way DHS delivers some of its services (i.e. in one location) but would not result in a change in services.

**Lessor:** Richard Hyde and Richard Koch of K.L.W., LLC

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Lessee: City and County of San Francisco, acting by and through the Department of Administrative Services, Division of Real Estate.

No. of Sq. Ft. and  
Cost Per Month: 37,000 square feet at a monthly rental rate of \$77,700 (\$2.10 per square foot per month) in Year One of the proposed lease. See Table 1 for anticipated subsequent year increases.

Annual Cost: \$932,400 in Year One of the proposed lease

Annual  
Rent Increases: The proposed lease stipulates annual adjustments, based on the Consumer Price Index for All Urban Consumers for the San Francisco-Oakland-San Jose area, of not less than 3 percent and not greater than 6 percent. The increase in Year Two would range from a minimum of \$0.06 per square foot per month (assuming a 3 percent increase) to an increase of \$0.13 per square foot per month (assuming a 6 percent increase). See Table 1 for data on anticipated increases in subsequent years.

Annual Cost Over  
Current Rent Paid: \$932,400  
Currently 15 DHS employees work in the subject property. The State EDD allowed the City employees to occupy the space free of charge since 1998 (see Comment No. 4) while EDD was the main tenant.

Utilities,  
Janitorial, and  
Security Services: Janitorial services would be included in the rent. The City would be the responsible for utilities, which Ms. Claudine Venegas of the RED estimates would cost \$1,548 per month. Mr. Lugo estimates that building security services to be provided to the City would cost \$2,833 per month.

Parking: The proposed lease includes 10 parking spaces, which are included in the lease rental payments. The parking spaces are for 10 DHS employees to park nine City-owned vehicles and one parking space for DHS employees who use their privately-owned vehicles for City business.



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**Term of Lease:** Seven years beginning June 1, 2001 and ending May 30, 2008. The term of the 13 proposed subleases would be at least one year (see Comment No. 5)

**Right of Renewal:** None

**Source of Rental Funds:**

40 percent from the General Fund, 32 percent from State Funds, and 28 percent from Federal Funds. Mr. Lugo advises that the lease payment for June 2001 would be funded from the DHS current FY 2000-2001 budget. Future year payments would be requested in future DHS budgets.

In addition, DHS anticipates subleasing approximately 5,100 square feet of the 37,000 total square feet at \$2.25 per square foot per month and thus recovering approximately \$11,475 per month, or \$137,700 in Year One of the proposed lease. Under this funding arrangement, the General Fund cost for the first year of operation would be \$317,880 (total annual rent of \$932,400 less recovery of \$137,700 in sublease payments times 40 percent). Ms. Venegas of RED advises that the proposed sublease rate of \$2.25 per square foot per month would increase in subsequent years in accordance with increases in the City's base rent. Mr. Lugo further advises that DHS intends to charge the subleasees a higher rate (\$2.25 per square foot) than DHS pays to the lessor (\$2.10 per square foot) in order for DHS to recover a proportionate share of the cost of utilities and building security services being paid by DHS.

**Comments:**

1. The proposed lease stipulates that annual rent increases would be based on the Consumer Price Index for All Urban Consumers for the San Francisco-Oakland-San Jose area and would be no less than 3 percent and no more than 6 percent. Table 1 below shows the approximate rent the City would pay during the seven-year lease term assuming: (1) the minimum 3 percent annual increases that the proposed lease requires and (2) the maximum 6 percent increases that the proposed lease would allow. As noted above, DHS anticipates subleasing a portion of the space to 13 other organizations and thus would recover part of the rent paid.

Table 1

| Lease<br>Year | <u>Assuming 6 Percent Increases</u> |                                      |  | <u>Assuming 3 Percent Increases</u> |                                      |  |
|---------------|-------------------------------------|--------------------------------------|--|-------------------------------------|--------------------------------------|--|
|               | Annual<br>Base Rent <sup>1</sup>    | Monthly<br>Base<br>Rent <sup>1</sup> | Approximate<br>Rent Per<br>Square Foot /<br>Month <sup>1</sup> | Annual<br>Base Rent <sup>2</sup>    | Monthly<br>Base<br>Rent <sup>2</sup> | Approximate<br>Rent Per<br>Square Foot /<br>Month <sup>2</sup> |
| 1             | \$932,400                           | \$77,700                             | \$2.10   | \$932,400                           | \$77,700                             | \$2.10   |
| 2             | 988,344 <sup>1</sup>                | 82,362 <sup>1</sup>                  | 2.23 <sup>1</sup>  | 960,372 <sup>2</sup>                | 80,031 <sup>2</sup>                  | 2.16 <sup>2</sup>  |
| 3             | 1,047,648 <sup>1</sup>              | 87,304 <sup>1</sup>                  | 2.36 <sup>1</sup>  | 989,184 <sup>2</sup>                | 82,432 <sup>2</sup>                  | 2.23 <sup>2</sup>  |
| 4             | 1,110,504 <sup>1</sup>              | 92,542 <sup>1</sup>                  | 2.50 <sup>1</sup>  | 1,018,860 <sup>2</sup>              | 84,905 <sup>2</sup>                  | 2.29 <sup>2</sup>  |
| 5             | 1,177,140 <sup>1</sup>              | 98,095 <sup>1</sup>                  | 2.65 <sup>1</sup>  | 1,049,424 <sup>2</sup>              | 87,452 <sup>2</sup>                  | 2.36 <sup>2</sup>  |
| 6             | 1,247,772 <sup>1</sup>              | 103,981 <sup>1</sup>                 | 2.81 <sup>1</sup>  | 1,080,912 <sup>2</sup>              | 90,076 <sup>2</sup>                  | 2.43 <sup>2</sup>  |
| 7             | <u>1,322,640<sup>1</sup></u>        | 110,220 <sup>1</sup>                 | 2.98 <sup>1</sup>  | <u>1,113,336<sup>2</sup></u>        | 92,778 <sup>2</sup>                  | 2.51 <sup>2</sup>  |
| Total         | \$7,826,448 <sup>1</sup>            |                                      |  | \$7,144,488 <sup>2</sup>            |                                      |  |
| Average       | \$1,118,064 <sup>1</sup>            | \$93,172 <sup>1</sup>                | \$2.52 <sup>1</sup>  | \$1,020,641 <sup>2</sup>            | \$85,053 <sup>2</sup>                | 2.30 <sup>2</sup>  |

<sup>1</sup> Estimates that assume the maximum allowable 6 percent annual increase.

<sup>2</sup> Estimates that assume the required minimum annual increase of 3 percent stipulated in the proposed lease.

2. Attachment II, provided by Mr. Lugo, shows the proposed allocation of the 37,000 square feet at 3120 Mission Street. Table 2 shows a summary of the proposed allocation of the 37,000 square feet. The Budget Analyst notes that, under the proposed lease, approximately 22,500 of the 37,000 square feet, or approximately 61 percent of the subject property, would be used as common areas. Mr. Lugo advises, in Attachment III, that the significant amount of common space would be used for a variety of purposes related to the services offered at the "Career Link One Stop Center," such as providing clients with access to computer terminals, interviewing clients, and conducting workshops.

Table 2

| Description of Proposed Use   | # of Employees | Approximate # of Square Feet | Square Feet Per Employee |
|---|----------------|------------------------------|--------------------------|
| Common Areas (includes lobby, conference rooms, hallway, lunch room, supply room, maintenance, bathroom, utility room, and dock area) | N/A            | 22,500                       | N/A                      |
| DHS Employees Work Space  | 92             | 9,200                        | 100                      |
| Work Space for Program Partners (sublease)  | 33             | 3,300*                       | 100                      |
| Work Space for Community-Based Organizations (sublease)   | 18             | 1,800*                       | 100                      |
| Expansion Space   | N/A            | 200                          | N/A                      |
| <b>TOTAL</b>  | <b>143</b>     | <b>37,000</b>                |                          |

\* Total of 5,100 square feet.

3. Mr. Lugo explains that the Federal Workforce Investment Act of 1998 requires that San Francisco have at least one full service one-stop center, such as the expanded "Career Link One Stop Center." EDD initiated the center at its current site in 1998 because developing such a center was a State as well as a Federal goal. The proposed expanded center will provide, in a single location, employment and training resources for DHS clients as well as related social services including CalWorks, MediCal, and Food Stamps. Mr. Lugo explains that the "Career Link One Stop Center" has been operating in the subject property since 1998 but will now provide a broader array of services in one location. He notes that the Federal law required the City to have such a full service one-stop center operational by March 31, 2001 and, according to Mr. Lugo, the proposed lease will allow the City to come into full compliance with the Federal requirement. He further notes that through the expanded center, DHS will be providing services it already provides in other locations. Therefore, he explains, the expansion of the center is not an expansion of the services DHS provides. Rather, it is a change in the way such services are delivered (in one location rather than in separate locations).

Mr. Lugo further explains that San Francisco's "Career Link One Stop Center" will consist of 92 DHS employees as well as 51 employees of the 13 other governmental programs and nonprofit community agencies for a total of

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143 employees as shown in Attachment II. Mr. Lugo advises that EDD, City College of San Francisco, National Council on Aging, Private Industry Council and Youth Opportunity Grant, Department of Rehabilitation, and Treasure Island Job Corps Center (listed in Attachment II) have had employees working in the subject property during the last several years, while the State EDD was the main tenant.

4. Mr. Lugo explains that employees of the State EDD currently occupy the subject property. EDD employees will be moving out May 31, 2001, except as noted below. Mr. Lugo informs that 15 DHS (CalWorks) employees already based in the subject property would remain there. The 15 DHS employees are already located there because they have been working collaboratively with EDD since 1998 on the existing "Career Link One Stop Center." Mr. Lugo advises that one of EDD's goals was to open the center and for this reason, EDD did not require that the City pay rent for the City's space to reimburse EDD for the rent paid by EDD to the Lessor. Mr. Lugo further advises that he anticipates that the 14 EDD employees already at 3120 Mission Street would remain through one of the proposed subleases, occupying 1,400 square feet of space.

In addition, Mr. Lugo advises that 24 DHS Food Stamp Program employees would move to the subject property from leased space at 1235 Mission Street and another 24 DHS MediCal Program employees would move from leased space at 1440 Harrison Street. Ms. Venegas advises that the City is in the process of purchasing 1235 Mission Street but that currently the San Francisco Unified School District leases the building to DHS. 22 additional DHS Family and Children's Services Program employees would move from City-owned space at 170 Otis Street. Seven new DHS positions (four of which are vacant in Employment Services and three of which are filled by CalWorks employees who would move from other DHS facilities) would also occupy space at 3120 Mission Street, bringing the total number of DHS employees (including the 15 already there) in the subject property to 92 occupying 9,200 square feet, or approximately 100 square feet per employee. Mr. Lugo advises that funding for the seven new positions noted above is included in the FY 2000-2001 DHS budget.

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5. Mr. Lugo advises that DHS anticipates subleasing approximately 5,100 square feet to the 13 agencies shown in Attachment II on a one-year basis for the first year. He advises that in subsequent years, DHS may enter into subleases longer than one year. Seven of the 13 agencies that would sublease 3,300 square feet include other government and nonprofit agencies whose services the Workforce Investment Act of 1998 requires be provided at the "Career Link One Stop Center," referred to as the mandated partners. DHS has invited an additional six nonprofit agencies to sublease 1,800 square feet of space because such agencies provide related services. Mr. Lugo advises that all but one of the proposed subleasees has committed to subleasing space for at least one year.

As shown in Attachment II, DHS anticipates collecting \$11,475 per month, or \$137,700 in Year One, from its subleasees, assuming each agency subleases the number of square feet shown in Attachment II. Ms. Venegas advises that the proposed rate to be charged to its subleasees would increase annually in accordance with the annual CPI increases in the City's rent if such subleases are renewed. The proposed resolution does not indicate that such annual increases in the sublease rate will occur. Therefore, the proposed resolution should be amended accordingly.

Ms. Venegas advises that the Real Estate Division could enter into the 13 proposed year-to-year subleases, on behalf of the Department of Human Services, and that such subleases are not subject to approval by the Board of Supervisors. Ms. Amy Brown of the City Attorney's Office advises that Section 23.31 of the Administrative Code allows the Director of Property of the Real Estate Division to enter into year-to-year or shorter term subleases without Board of Supervisors approval when the rent is less than \$5,000 per month for each such sublease. The rent for such subleases would range from \$225 to \$3,150 per month (see Attachment II). Mr. Lugo advises that although some of the agencies have committed to subleasing space for more than one year, DHS anticipates entering into only one-year subleases for the first year. Such short-term subleases will allow DHS to monitor the performance of the subleasees. Such one-year subleases will also allow DHS to ensure that the center is operating as planned. Mr. Lugo advises that in



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subsequent years, DHS may enter into longer-term subleases.

At the time the proposed resolution was submitted to the Board of Supervisors, DHS had anticipated subleasing approximately 7,650 square feet and such wording was included in the proposed resolution. As shown in Attachment II, DHS now anticipates subleasing approximately 5,100 square feet but is still not certain exactly how much space would be subleased. Therefore, the proposed resolution should be amended accordingly.

6. As noted above, Mr. Lugo informs that a total of 70 DHS employees are moving to the subject property from 1235 Mission Street (24 Food Stamp employees), 1440 Harrison Street (24 Medi-Cal employees), and 170 Otis Street (22 Family and Children's Services employees). Mr. Lugo reports that employees are being moved from these three locations due to overcrowding. Mr. Lugo advises that these three buildings are old and are not designed to be modern office buildings. He explains that the configuration of the buildings is complex and that it is difficult to measure and distinguish common space from office space. Therefore, he advises that the Department has estimated the per employee space based on each workstation and as a result, the three buildings shown in Table 3 all reflect 64 square feet per employee (in contrast to the 100 square feet at the subject property).



Table 3

| Location                 | Approximate Total Square Feet of Office Space (excludes common areas) | Total Number of Employees (Before Proposed Move) | Approximate # of Square Feet of Office Space Per Employee (Before Proposed Move) | # of Employees (After Proposed Move) | Approximate # of Square Feet of Office Space Per Employee (After Proposed Move) |
|--------------------------|---|--|--|--------------------------------------|---|
| (1) 1235 Mission Street  | 34,240  | 535  | 64   | 511                                  | 67  |
| (2) 1440 Harrison Street | 12,032  | 188  | 64   | 164                                  | 73  |
| (3) 170 Otis Street      | 43,072  | 673  | 64   | 651                                  | 66  |

7. Attachment I, provided by Ms. Venegas, advises that the proposed lease represents fair market value for the subject property. Ms. Venegas advises that the RED supports the negotiated terms of the proposed lease but believes that approval should be a policy decision for the Board of Supervisors, due to the fact that DHS anticipates subleasing part of the space. The Budget Analyst also recommends that the proposed resolution is a policy matter for the Board of Supervisors because the subject property would be subleased and such subleases would not require subsequent Board of Supervisors approval.

- Recommendations:**
1. Amend the proposed resolution as follows:
    - (a) on page 1, line 14, delete "*of no less than 7,650 s.f.*" so that the phrase reads, "*shall sublease a portion of the premises to other public agencies...*," in accordance with Comment No. 5
    - (b) on page 1, line 17, delete "*to offset costs and the common use of space*" and in its place, insert "*that shall increase annually in accordance with CPI adjustments to the City's base rent,*" in accordance with Comment No. 5 which would provide annual rent adjustments to the DHS sublees.

2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors since (a) the subleases do not require Board of Supervisors approval, as stated in Comment No. 7, and (b) DHS is requesting to

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lease an additional 37,000 square feet of space, including 31,900 square feet due to reported overcrowded conditions, in three other DHS existing facilities, including two other leased facilities at no reduction in rental costs, and one City-owned facility.



ATTACHMENT I

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**MEMORANDUM**

Date: May 3, 2001

To: Renata Falk, Budget Analyst  
Via Facsimile #252-0461

From: Claudine O. Venegas, Senior Real Property Officer

Re: 3120 Mission Street

Per your E-mail message, please update the file with the information you received from the Department of Human Services (DHS) regarding the space allocation.

As you know from speaking with Tony Lugo, DHS has a unique program plan to sublease a portion of this proposed lease space to some of their work partners and community based organizations to meet their legal requirements. Therefore, the Board of Supervisors should evaluate the suitability of this course of action.

We believe that the business terms for the lease of the premises are fair market value. The available listings that we have seen in the area range from \$2/sq. ft. - \$2.50/sq. ft.

Call me at #554-9872 if you have any further questions in this regard.

Attachments

cc: Rose Chow, DHS  
Tony Lugo, DHS

ATTACHMENT II

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Trent Rhorer  
*Executive Director**Deputy Directors*  
Janice Anderson Santos (Acting)  
Jim Bulck  
Sally KipperMEMORANDUM

Date: May 8, 2001

To: Budget Analyst's Office

From: Tony Lugo, Department of Human Services *Q.L.T.D*

Re: Proposed Allocation of Space and Tenants in 3120 Mission Street

Per your request, the table on the following page shows the Department of Human Services' anticipated allocation of space for the property at 3120 Mission Street. Except for EDD, we have received commitment letters from the outside organizations shown in the table regarding their intention to sublease space in 3120 Mission Street. I strongly believe that EDD will also decide to sublease space in order to maintain a presence at the site.

We plan to charge the sublease tenants \$2.25 per square foot in the first year of the proposed lease. This rate will increase accordingly as the City's rent for the space increases in future years so as to result in no additional cost to the City.

If you have additional questions or if I can be of further help, please contact me at 577-6309.



Trent Rhorer  
Executive Director

ATTACHMENT II

Page 2 of 2

Deputy Directors  
Janice Anderson Santos (Acting)  
Jim Buick  
Sally Kipper

Proposed Allocation of Space at 3120 Mission Street

| Organization  | # of<br>Square Feet | # of<br>Employees | # of<br>Square Feet<br>Per Employee | Sublease<br>Monthly Rent |
|---|---------------------|-------------------|-------------------------------------|--------------------------|
| DHS   | 9,200               | 92                | 100                                 | N/A                      |
| Common Areas  | 22,500              | N/A               | N/A                                 | N/A                      |
| Expansion Space   | 200                 | N/A               | N/A                                 | N/A                      |
| <i>Subtotal</i>   | <i>31,900</i>       |                   |                                     |                          |
| <b>MANDATED PARTNERS</b>                                |                     |                   |                                     |                          |
| EDD   | 1,400               | 14                | 100                                 | \$3,150                  |
| City College of San Francisco                           | 800                 | 8                 | 100                                 | 1,800                    |
| National Council<br>on Aging                            | 400                 | 4                 | 100                                 | 900                      |
| Private Industry Council and<br>Youth Opportunity Grant | 400                 | 4                 | 100                                 | 900                      |
| Department of Rehabilitation                            | 100                 | 1                 | 100                                 | 225                      |
| Treasure Island Job Corps Center                        | 100                 | 1                 | 100                                 | 225                      |
| San Francisco Housing Authority                         | 100                 | 1                 | 100                                 | 225                      |
| <i>Subtotal</i>   | <i>3,300</i>        |                   |                                     |                          |
| <b>COMMUNITY BASED<br/>ORGANIZATION</b>                 |                     |                   |                                     |                          |
| Arriba Juntas   | 300                 | 3                 | 100                                 | 675                      |
| LIFEPRINT (formerly Alumnae<br>Resources)               | 400                 | 4                 | 100                                 | 900                      |
| Northern California Service<br>League                   | 200                 | 2                 | 100                                 | 450                      |
| Refugee Transitions                                     | 200                 | 2                 | 100                                 | 450                      |
| UCSF/Child Trauma Research<br>Project                   | 400                 | 4                 | 100                                 | 900                      |
| African AIDS Network                                    | 300                 | 3                 | 100                                 | 675                      |
| <i>Subtotal</i>   | <i>1,800</i>        |                   |                                     |                          |
| <b>TOTAL</b>  | <b>37,000</b>       | <b>143</b>        | <b>100</b>                          | <b>\$11,475</b>          |

ATTACHMENT III

Page 1 of 1

Trent Rhorer  
Executive DirectorDeputy Directors  
Janice Anderson Santos (Acting)  
Jim Buick  
Sally KipperMEMORANDUM

Date: May 9, 2001

To: San Francisco Board of Supervisors

From: Tony Lugo, Department of Human Services

Re: Justification for Common Space at 3120 Mission Street

The following is a description of the distribution and the proposed use for the 22,500 square feet of common space at 3120 Mission Street. In general these common areas include lobby, conference rooms, hallways, lunch room, supply room, maintenance room, utility room, dock area, classrooms, computer labs, and childcare room. More specifically:

## Space description

|                    |                                     |
|--------------------|-------------------------------------|
| 4 conference rooms | 10 interviewing stations            |
| 3 classrooms       | 14 client computer stations         |
| 1 computer lab     | 7 round tables (8 people each)      |
| 1 childcare room   | Client resource area (labor market) |

## Space use

The concept of the One Stop Center is to provide a multitude of services collocated in one site. At the Career Link One Stop Center, a great part of the common space will be utilized by clients to access information with and without staff assistance. These services include a variety of workshops, training sessions, seminars, and group interviews going on concurrently. The center is also open to community members to walk in and utilize computer stations and a large resource area for job seeking activities. These activities may include Internet search, reading occupational material, attending workshops, and using the tables for preparation of resumes. This area also serves as a waiting area for clients connected to either the MediCal, Food Stamps, CalWorks, Family and Children, Employment Services or any of the agencies collocated in the center (childcare services are provided while clients are in the building).

## Traffic flow

Our records show that since September 1, 1998 (when Career Link opened) until April 30, 2001, a total of 19,505 clients have used the resources at the lobby averaging 71.5 minutes each client. Last month 719 clients used the center as a site for job search activities. That only accounts for about half of the building.

Our proposed plan includes adding two (2) additional units of Food Stamps, MediCal, and Family and Children with the increase presence of our Employment Services and CalWorks plus an additional number of Community Based Organizations. Solely the DHS services will add more than 10,000 ongoing cases (families) who are likely to be coming into the center in a regular basis for any of above described services.

I feel that with all the services and activities being provided at this center the space described above is barely sufficient. If you have additional questions or if I can be of further help, please contact me at 557-6309.



Item 3 – File 01-0730

**Department:** Department of Parking and Traffic (DPT)  
Parking Enforcement Program

**Item:** Hearing to consider the release of reserved funds for the DPT in the amount of \$173,741 to fund overtime expenditures for Parking Enforcement services.

**Amount:** \$173,741

**Source of Funds:** General Fund monies appropriated and reserved by the Board of Supervisors in the FY 2000-2001 DPT budget.

**Description:** The DPT FY 2000-2001 budget included total overtime expenditures of \$483,416, of which \$173,741 (\$161,139 in salaries plus \$12,602 in fringe benefits) was reserved, leaving \$309,675 available for expenditure. During the June 2000 budget hearings, the Finance and Labor Committee reserved, in general, one-third of overtime expenditures for departments having significant overtime budgets.

The table below provides a summary of overtime spending to date and the Controller's projected spending for FY 2000-2001, as well as spending to date and projections for DPT's Parking Enforcement Salary and Fringe Benefit account based on the Controller's payroll records for the pay period ending April 13, 2001.

**Controller's Projection – DPT Parking Enforcement Program General Fund  
Expenditures for Overtime and total Salaries and Fringe Benefits based on  
Expenditures through April 13, 2001**

|   | FY 2000-2001<br>Budget | Actual<br>Expenditures<br>Through Pay<br>Period Ending<br>4/13/01* | Total<br>Projected<br>FY 2000-2001<br>Expenditures<br>Through June 30,<br>2001 ** | Projected Surplus<br>(Deficit) |
|---|------------------------|--|---|--------------------------------|
| Overtime  | \$ 483,416             | \$ 440,348   | \$ 513,091  | (\$29,675)                     |
| Salaries and Fringe<br>Benefits Including<br>Overtime | 19,519,962             | 15,334,679   | 19,429,682  | 90,280                         |

\* Year to date costs less Other Adjustments including reimbursed expenditures for Parking Enforcement services.

\*\* Projection based on spending at the level of the pay period ending 4/13/01 for the remainder of the Fiscal Year (5.5 pay periods remaining).

As summarized in the table above, the Controller's latest projection report for salary and fringe benefit expenditures (including overtime) for the DPT's Parking Enforcement Program shows that:

- As of the pay period ending April 13, 2001 (20.5 of 26.0 pay periods of FY 2000-2001), DPT has incurred approximately \$440,348 in net overtime costs. Therefore, DPT has expended approximately 91.1 percent of its Parking Enforcement overtime appropriation of \$483,416 and approximately 142.2 percent of its available, unreserved Parking Enforcement overtime funding of \$309,675 on overtime expenditures that cannot be recovered.
- Based on the Parking Enforcement overtime expenditures incurred during the pay period ending April 13, 2001, the Controller's projection indicates that DPT will expend \$513,091 on overtime, which is \$29,675 more than Parking Enforcement's total FY 2000-2001 overtime appropriation of \$483,416.
- For total Parking Enforcement Salaries and Fringe Benefit Expenditures, including Overtime, the Controller's projections, based on the actual expenditures for the pay period ending April 13, 2001, indicate that

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

DPT will incur total expenditures of \$19,429,682 in FY 2000-2001, which is \$90,280 or 0.46 percent less than the FY 2000-2001 budget amount of \$19,519,962.

Comments:

1. Ms. Julia Dawson of DPT advises that net overtime expenditures are gross overtime expenditures less the amount recovered from other City Departments as well as from special events and private companies for Parking Enforcement services provided by DPT. According to Ms. Dawson, through March 24, 2001, DPT has billed for \$384,755.13 in overtime expenditures for Parking Enforcement Services incurred on behalf of other City Departments, special events and private companies. Attachment I, provided by DPT, is a list of such overtime billings of \$384,755.13 through March 24, 2001. Ms. Dawson advises that as of April 19, 2001, DPT had been paid approximately \$289,509.62 of the \$384,755.13 or approximately 75 percent of the amount billed. Ms. Dawson advises that DPT bills for its Parking Enforcement Services based on actual costs. Therefore, DPT's billings are based on a full recovery of its Parking Enforcement overtime expenses.

2. Ms. Dawson anticipates that there will be a total of 16 events held in April, May and June that will result in additional billable overtime Parking Enforcement expenditures in the amount of \$99,319. Attachment II, provided by DPT, shows the 16 events from April through June in which DPT has or will provide Parking Enforcement services on an overtime basis. According to Ms. Dawson, the actual Parking Enforcement costs identified to date for April and May total \$40,509. Therefore, the total billable Parking Enforcement overtime expenditures for FY 2000-2001 are projected to total \$484,074.13 (\$384,755.13 in Parking Enforcement overtime expenditures through March 24, 2001 plus \$99,319 for April, May and June).

3. The Budget Analyst has independently projected year-end net overtime expenditures for DPT's Parking Enforcement Program of \$439,952.87 (gross overtime expenditures of \$924,027 for FY 2000-2001 less the estimated cost recoveries of \$484,074.13), which is \$43,463.13 less than the budgeted overtime expenditures of \$483,416, including the subject requested release of reserved overtime funds of \$173,741.

Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

Ms. Dawson states that the Budget Analyst's year-end net overtime projection \$439,952.87 is reasonable based on expenditures thus far and anticipated Parking Enforcement expenditures for the remainder of FY 2000-2001 but she advises that costs for special events through the end of the fiscal year could be higher than expected. Furthermore, Ms. Dawson notes that paid overtime for rolling black-outs on March 19, 2001 and March 20, 2001 totaled \$10,231 due to the need to assign staff for traffic controls at intersections where traffic signals are not functioning and that a similar need for additional overtime may still occur in FY 2000-2001. Therefore, the Budget Analyst agrees that the funds in the amount of \$43,463.13 (which would be surplus based on the Budget Analyst's projected need for overtime expenditures) represents a reasonable contingency in the event that actual overtime costs for the balance of the fiscal year exceed anticipated costs.

**Recommendation:** Based on the projection of the Budget Analyst, a reduction of \$43,463.13 could be made by the Finance Committee from the requested funds of \$173,741. However, because of unforeseen needs which could still occur in FY 2000-2001, the Budget Analyst recommends that the Finance Committee approve the proposed release of reserved funds for Parking Enforcement overtime in the amount of \$173,741 as requested. Any surplus funds remaining unexpended at the end of Fiscal Year 2000-2001 will be closed out to the General Fund year-end surplus.

## DEPARTMENT OF PARKING AND TRAFFIC

Billings for PCO Services

FY 2000-2001

Billings as of 3/24/01, Payments as of 4/19/01

| EVENT                | DATE           | CONTACT             | AMT BILLED | DATE BILLED | AMOUNT RECEIVED | DATE RECEIVED |
|----------------------|----------------|---------------------|------------|-------------|-----------------|---------------|
| Almore St. Fair      | 7/1-7/2        | Steve Restivo       | 1,311.04   | 7/12/00     | 1,311.04        | 8/30/00       |
| Emi Con              | 7/10-7/12      | George Granizo      | 848.32     | 7/27/00     | 848.32          | 8/10/00       |
| Harped Tour          | 7/1/00         | Mary Conde          | 1,553.12   | 7/27/00     | 1,553.12        | 8/30/00       |
| Soccer Match         | 7/1/00         | Chris Mack          | 4,742.96   | 8/1/00      | 4,742.96        | 3/14/01       |
| Metallica Concert    | 7/14/00        | Chris Mack          | 15,207.94  | 8/1/00      | 15,207.94       | 3/14/01       |
| ern Grove Concert    | 7/16/00        | Sandy Lee           | 636.24     | 7/27/00     | 636.24          | 12/21/00      |
| ern Grove Concert    | 7/23/00        | Sandy Lee           | 694.08     | 7/27/00     | 694.08          | 12/21/00      |
| oscone Center        | 7/10-12/00     | Mike Roach          | 9,717.12   | 7/27/00     | 9,717.12        | 9/2/00        |
| F Marathon           | 7/16/00        | Peter Nantell       | 13,588.90  | 7/27/00     | 13,588.90       | 10/23/00      |
| oscone Center        | 8/5-8/31/00    | Mike Roach          | 13,881.60  | 9/26/00     | 13,881.60       | 10/3/00       |
| Traffic Sign Shop    | 8/11,8/25,9/19 |                     | 2,120.80   | 9/26/00     | 2,120.80        | 10/3/00       |
| Games-Civic          | 7/29/00        | Shanie Chambers     | 385.60     | 9/26/00     | 385.60          | 10/23/00      |
| Groundbreaking       | 7/24/00        | Judi Froehlich      | 462.72     | 9/26/00     | 462.72          | 1/29/01       |
| ern Grove Concert    | 7/30/00        | Sandy Lee           | 578.40     | 9/26/00     | 578.40          | 12/21/00      |
| ern Grove Concert    | 8/13/00        | Sandy Lee           | 578.40     | 9/26/00     | 578.40          | 12/21/00      |
| h&Mis Garage         | 8/5-8/31/00    | George Granizo      | 2,005.12   | 9/26/00     | 2,005.12        | 10/19/00      |
| aCarte,Park          | 9/2-9/4/00     | Maggie Pesta        | 1,850.88   | 9/26/00     | 1,850.88        | 10/13/00      |
| ort of SF            | 8/22/00        | Denise Turner       | 4,579.02   | 9/26/00     | 4,579.02        | 11/22/00      |
| va las Americas      | 9/17/00        | Kristin Carmichael  | 751.92     | 10/3/00     | 751.92          | 10/19/00      |
| let Parking          | 9/14/00        | Jamie Dyos          | 616.96     | 10/3/00     | 616.96          | 10/13/00      |
| hase Corporate Chal. | 8/9/00         | Tim Wason           | 616.96     | 10/3/00     | 616.96          |               |
| is/O'Farrell Garage  | 6/27-7/1/00    | Steven Lee          | 3,084.80   | 10/3/00     | 3,084.80        | 10/30/00      |
| is/O'Farrell Garage  | 7/2-8/6/00     | Steven Lee          | 10,796.80  | 10/3/00     | 10,796.80       | 10/30/00      |
| ce Now & Zen         | 9/24/00        | Cybele Pettus       | 269.92     | 10/10/00    | 269.92          | 10/13/00      |
| tino Summer Fiesta   | 9/17/00        | Patricia Aguayo     | 1,272.48   | 10/20/00    |                 |               |
| acle                 | 10/1/00        | Alison Cheim        | 7,607.08   | 10/26/00    | 7,607.08        | 12/7/00       |
| n & Mission          | 10/2-10/5/00   | George Granizo      | 1,233.92   | 10/26/00    | 1,233.92        | 11/13/00      |
| oscone Center        | 10/3-10/5/00   | Mike Roach          | 5,552.64   | 10/30/00    | 5,552.64        | 11/7/00       |
| rt of SF             | 10/7/00        | Denise Turner       | 3,453.28   | 10/30/00    | 3,453.28        | 11/22/00      |
| Anthony's            | 10/8/00        | Michael Durand      | 385.60     | 10/30/00    | 385.60          | 12/19/00      |
| action Day           | 10/10/00       | Patricia Fado       | 250.64     | 10/30/00    |                 |               |
| SF Concert           | 10/8/00        | Joe Cooper          | 1,233.92   | 10/31/00    | 1,233.92        | 11/29/00      |
| ppa & Graham         | 9/30/00        | Ferris Suer         | 154.24     | 10/31/00    | 154.24          | 11/8/00       |
| tholic Mass          | 10/28/00       | Jack Bair           | 12,348.90  | 11/2/00     | 12,348.90       | 2/9/01        |
| ng. Beth Shalom      | 10/21/00       |                     | 154.24     | 12/5/00     | 154.24          | 1/18/01       |
| g City Diner         | 11/2/00        | Brian Harms         | 462.72     | 12/5/00     | 462.72          | 12/22/00      |
| pt. of Elections     | 11/4/00        | Patricia Fado       | 504.50     | 12/5/00     |                 |               |
| ee Concert           | 11/4/00        | Ian Brennan         | 501.28     | 12/5/00     | 501.28          | 12/20/00      |
| pt. of Elections     | 11/7/00        | Patricia Fado       | 23,287.92  | 12/5/00     |                 |               |
| 5 & Mission          | 11/10,11/24-25 |                     | 1,195.36   | 12/5/00     | 1,195.36        | 12/28/00      |
| vscone Center        | 11/24-12/1     | Mike Roach          | 13,534.56  | 12/5/00     | 13,534.56       | 12/22/00      |
| 5 & Mission          | 1/9-11/12/01   | George Granizo      | 1,185.90   | 1/23/01     | 1,185.90        |               |
| Siner's Game         | 1/13/01        | Larry Baer - Giants | 10,734.26  | 1/23/01     | 10,734.26       |               |
| ers Enforcement      | season         | Mo Fowell           | 8,626.96   | 1/23/01     | 8,626.96        |               |
| pt. of Elections     | 12/12/00       | Adam Farb           | 23,667.07  | 1/23/01     |                 |               |
| vscone Center        | 12/02-1/12     | Mike Roach          | 20,176.32  | 1/26/01     | 20,176.32       |               |
| vscone Center        | 1/21-2/13/01   | Mike Roach          | 14,151.76  | 2/20/01     | 14,151.76       |               |

Source: Department of Parking and Traffic



## Billings for PCO Services

FY 2000-2001

Billings as of 3/24/01, Payments as of 4/19/01

| EVENT                    | DATE         | CONTACT           | AMT BILLED        | DATE BILLED | AMOUNT RECEIVED | DATE RECEIVED |
|--------------------------|--------------|-------------------|-------------------|-------------|-----------------|---------------|
| Bay to Breakers          | 5/20/00      | Peter Nantell     | 19,896.39         | 2/21/01     |                 |               |
| SF Ballet                | 1/24/01      | Sam Leftwich      | 316.24            | 2/21/01     | 316.24          | 2/26/01       |
| Chinese NY Run           | 2/4/01       | Robert Darling    | 1,770.04          | 2/21/01     | 1,770.04        |               |
| PacBell Meeting          | 2/7-2/8/01   | Angela Yee        | 3,024.05          | 2/21/01     | 3,024.05        | 4/19/01       |
| 5th & Mission            | 1/21-2/07/01 | George Granizo    | 1,403.32          | 2/21/01     | 1,403.32        | 2/28/01       |
| Tet Festival             | 1/21/01      | Thuc Khuong       | 751.07            | 2/21/01     | 751.07          |               |
| XFL                      | 2/5/01       | Larry Baer-Giants | 11,483.85         | 2/21/01     | 11,483.85       | 3/6/01        |
| Moscone Center           | 2/19-21/01   | Mike Roach        | 5,455.14          | 2/26/01     | 5,455.14        | 3/6/01        |
| XFL                      | 2/25/01      | Joanna Blume      | 11,365.51         | 2/26/01     | 11,365.51       | 3/14/01       |
| Moscone Center           | 2/26-3/2/01  | Mike Roach        | 12,353.15         | 3/6/01      | 12,353.15       | 4/4/01        |
| XFL                      | 3/3/01       | Joanna Blume      | 11,319.95         | 3/6/01      | 11,319.95       | 3/14/01       |
| XFL                      | 3/11/01      | Joanna Blume      | 11,316.09         | 3/12/01     | 11,316.09       | 3/20/01       |
| Moscone Center           | 3/12-3/14    | Mike Roach        | 7,411.89          | 3/19/01     | 7,411.89        | 4/4/01        |
| First Street Project     | 1/8-3/9      | Paul Petri        | 25,180.61         | 3/19/01     |                 |               |
| O'Reilly's St. Pats      | 3/16-3/17    | Myles O'Reilly    | 2,727.58          | 3/28/01     | 2,727.58        | 4/19/01       |
| Royal Exchange           | 3/16/01      | Mike O'Brien      | 1,185.90          | 3/28/01     |                 |               |
| Soiree Valet Pkg         | 3/20-3/23    | Jamie Dyos        | 2,569.45          | 3/28/01     | 2,569.45        | 4/4/01        |
| Buena Vista              | 3/17/18      | Chris LaMontagne  | 1,185.90          | 3/29/01     | 1,185.90        | 4/19/01       |
| XFL                      | 3/24/01      | Joanna Blume      | 11,483.83         | 3/28/01     | 11,483.83       | 4/19/01       |
| <b>Total Billed</b>      |              |                   | <b>384,755.13</b> |             |                 |               |
| <b>Total Received</b>    |              |                   | <b>289,509.62</b> |             |                 |               |
| <b>Total Outstanding</b> |              |                   | <b>95,245.51</b>  |             |                 |               |



Department of Parking and Traffic  
 Cost Recovery Events  
 FY 2000/01, 4th Quarter

| Date                     | Event                                | Actuals   | Estimated Cost | Total     |
|--------------------------|--------------------------------------|-----------|----------------|-----------|
| April-01                 | Moscone - Women's Summit             | \$ 1,977  |                |           |
| April-01                 | 5th/Mission Garage                   | \$ 316    |                |           |
| April-01                 | First Street Traffic Control         | \$ 8,301  |                |           |
| April-01                 | Traffic Signal Shop                  | \$ 9,741  |                |           |
| May-01                   | Maiden Lane Construction             | \$ 277    |                |           |
| May-01                   | Bay to Breakers                      | \$ 19,896 |                |           |
| May-01                   | KFOG Kaboom                          | \$        | 12,853         |           |
| May-01                   | Pac Bell Park - D. Matthews (2 days) | \$        | 22,000         |           |
| May-01                   | Moscone/Oncology Conv                | \$        | 870            |           |
| May-01                   | Crissy Field Opening                 | \$        | 3,083          |           |
| June-01                  | Black and White Ball                 | \$        | 7,500          |           |
| June-01                  | Fiesta Filipina                      | \$        | 2,846          |           |
| June-01                  | North Beach Festival                 | \$        | 1,423          |           |
| June-01                  | 3COM Park - Soccer                   | \$        | 6,733          |           |
| June-01                  | 5th/Mission Garage                   | \$        | 632            |           |
| June-01                  | Moscone Java                         | \$        | 870            |           |
| Total Estimated Billings |                                      | \$ 40,509 | \$ 58,810      | \$ 99,319 |



Items 4 and 5 - Files 01-0738 and 01-0760

**Department:** Department of Public Health (DPH)  
Department of Real Estate (DRE)

**Item:** File 01-0738  
Resolution authorizing and approving a new Master Lease by and between the City and County of San Francisco, for the Department of Public Health, as lessee, and Sonali Holdings LLC, as lessor, for the Star Hotel located at 2176-2180 Mission Street, San Francisco.

File 01-0760

Request for release of \$490,667 State grant funding to DPH, previously reserved by the Board of Supervisors for start-up costs in the FY 2000-2001 DPH budget.

**Location:** Star Hotel, 2176-2180 Mission Street, San Francisco.

**Purpose of Lease:** To provide 50 residential single-room occupancy units under DPH's Direct Access to Housing Program (see "Description" below).

**Lessor:** Sonali Holdings, LLC, a California limited liability company.

**Lessee:** City and County of San Francisco, on behalf of DPH.

**No. of Sq. Ft.  
and Rental**

**Cost Per Month:** Approximately 10,770 square feet, including, 7,000 square feet to be used for residential space and 3,770 square feet to be used for office space by the property manager and the support service provider at a monthly rent of \$23,780 (approximately \$2.21 per square foot per month) during Year One of the subject lease.

**Annual Rental  
Payment:**

\$285,360 On each anniversary of the lease commencement date, the rental rate would increase by the percentage increase in the Consumer Price Index (CPI) for the San Francisco Metropolitan Area, provided that the percentage increase shall not be less than 3 percent nor more than 6 percent.

BOARD OF SUPERVISORS  
BUDGET ANALYST

Memo to Finance  
May 16, 2001 Finance Committee Meeting

**Total Annual Cost:** \$912,020 in the first year of the subject lease, including property management, support services and rent.

| <u>Expenditure Item</u>                   | <u>Estimated Cost</u> |
|---|-----------------------|
| Property Management<br>(See Comment No.2) | \$326,660             |
| Support services<br>(See Comment No.3)    | 300,000               |
| Rent                                      | <u>285,360</u>        |
| <b>Total</b>                              | <b>\$912,020</b>      |

**Utilities and Janitor  
Provided by Lessor:** None

**Term of Lease:** Ten years (effective from the lease commencement date estimated at June 1, 2001).

**Right of Renewal:** The City shall have the right to renew for two additional 10-year terms.

**Source of Funds:** On November 29, 2000, the Finance Committee authorized DPH to accept and expend a State grant of AB2034 funds from the State Department of Mental Health for a total of \$3,961,167 to provide integrated services for mentally ill and dual/multiple diagnosed adults (File 00-2010). The amount of \$490,667 was placed on reserve to obtain budget details for start-up costs to operate the Star Hotel.

According to Mr. Mark Trotz, of the Department of Public Health, DPH's FY 2001-2002 budget contains the above listed annual costs of \$912,020 to be funded from the sources in the following table:

**Sources of Funds Summary FY 2001-2002**

| <u>Sources</u>        | <u>Amount</u>    |
|-----------------------|------------------|
| General Fund          | \$146,660        |
| AB2034                | 554,023          |
| CARE <sup>1</sup>     | 31,337           |
| Rental Income         | 180,000          |
| <b>Total Revenues</b> | <b>\$912,020</b> |

The Comprehensive Aids Resources Emergency Act (CARE) is a federal funding program. The Act provides funds to increase the availability of primary health care and support services, including housing, in order to reduce utilization of more costly inpatient care, increase access to care for under-served populations, and improve the quality of life of those affected by the AIDS epidemic.

The Rental Income of \$180,000 for FY 2001-2002 is estimated based on monthly payments of \$300 per unit for 50 units, totaling \$15,000 per month and \$180,000 annually.

**Description:**

The subject master lease would permit DPH to lease 10,770 square feet of the Star Hotel, a residential class tourist hotel located at 2176-2180 Mission Street, San Francisco, for ten years in order to sublease single-room residential units to individuals eligible for assistance from DPH's Direct Access to Housing Program. This program is designed to secure affordable, community-based housing for homeless and extremely low-income San Francisco residents. The City or the nonprofit organization then subleases residential units in those buildings to low-income individuals who fall into one or more of the following categories:

- (a) Are medically frail.
- (b) Are homeless or at risk of homelessness.
- (c) Have recently exited homeless shelters or residential treatment programs.
- (d) Are capable of living independently with on-site support services.

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<sup>1</sup> In FY 00-01, the City and County of San Francisco received \$34 million from the Federal Health Resources and Services Administration (HRSA). The CARE Council (the policy making and oversight committee of CARE in San Francisco) allocated \$6.8 million of these funds to housing services.

According to Mr. Trotz, the Star Hotel would be the fourth residential hotel to be leased by the City for the Direct Access to Housing Program. The first was the Pacific Bay Inn, (75 units), located at 520 Jones Street; the second was the Windsor Hotel, (94 units), located at 238 Eddy Street; and the third was the Hotel Le Nain (96 units), located at 730 Eddy Street.

Comments:

1. The Star Hotel is currently undergoing a complete renovation as a result of damage sustained from a fire. Once renovations are complete, a total of 50 single-room units of housing will be provided. According to Mr. Trotz, DPH will lease the entire building, with the exception of some commercial space on the ground floor currently being used as a restaurant. The following table is a summary of the start-up costs for the Star Hotel in FY 2000-2001 to be paid for with the subject requested reserved funds of \$490,667 (File 01-0760). All start-up costs shown below, with the exception of the \$230,000 budgeted for Tenant Improvements, are for contractual project management services to be provided by the selected contractor, John Stewart Company.



Start-up Costs in FY 2000-2001

| <u>Expenditure Item</u>                 | <u>Estimated Cost</u> |
|---|-----------------------|
| Star Hotel Tenant Improvements          | \$230,000             |
| Personnel Cost for 1 month <sup>2</sup> | 40,753                |
| Management fee 1.5 months <sup>3</sup>  | 3,038                 |
| Security deposit (2 months rent)        | 47,560                |
| Legal consultant                        | 5,000                 |
| Client recruitment/telephone            | 2,400                 |
| Database Consultant                     | 10,000                |
| Furniture <sup>4</sup>                  | 96,000                |
| Equipment                               | 42,200                |
| Operating and maintenance reserve       | <u>13,716</u>         |
| <b>Total</b>                            | <b>\$490,667</b>      |

Attachment I provided by DPH contains additional budget details of the payments listed above. As noted in Attachment I, Mr. Trotz states that, no contractor costs will be incurred for this project before the Board of Supervisors has approved the lease and the release of funds.

Residents would occupy the second and third floors of the building. The Irma Restaurant is located on the first floor. According to Ms. Leyva, the renovations being undertaken by the building owner, total an estimated cost of \$960,000, DPH proposes to make up to \$230,000 in additional tenant improvements to the Star Hotel. According to Mr. Trotz, these improvements include:

- The creation of community rooms on each of the residential floors (an estimated \$38,800).
- The construction of on-site offices for the social service providers (an estimated \$89,725).
- Improvements to the building's HVAC (an estimated \$83,225).

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<sup>2</sup> These personnel costs reflect the one-month cost of personnel for FY 2000-2001 once the building is operational.

<sup>3</sup> The half-month difference between management costs and personnel costs is to reflect offsite management costs currently being incurred by the John Stewart Company prior to the opening of the Star Hotel. According to Mr. Trotz, the contractor will not be paid unless this lease is approved and the reserve funds released.

<sup>4</sup> This amount includes furniture for the community rooms, offices and lobby areas, as well as individual room furnishings. Each unit will come furnished with a bed, armoire, chair and side table.

- Improvements to the electrical systems (an estimated \$18,250).

These improvements will cost up to \$230,000 and will be completed by the lessor as part of current building renovations expected to be completed by June 20, 2001 at a total estimated cost of \$230,000. The lessor will be reimbursed by DPH for up to \$230,000.

2. According to Ms. Leyva, DPH issued a Request for Qualifications (RFQ) in October of 2000 for property management and support services for the Star Hotel. According to Mr. Trotz, only the John Stewart Company responded to the RFQ to provide property management services and only Baker Places Inc<sup>5</sup>, a non-profit organization, responded to the RFQ to provide support services at the Star Hotel. The RFQ was sent to over 300 individuals representing over 100 organizations according to Mr. Trotz.

According to Mr. Trotz, \$326,660 in estimated annual property management services would be paid to the John Stewart Company for the expenditures shown in the following table:

**Property Management Services**

| <u>Expenditure Item</u>                                       | <u>Estimated Cost</u> |
|---|-----------------------|
| 7.53 FTEs <sup>6</sup>  | \$221,410             |
| Management Fee (7.44%) <sup>7</sup>                           | 24,300                |
| Utilities   | 57,000                |
| Telephone   | 5,000                 |
| Office Supplies   | 3,000                 |
| Seminars and Training   | 1,200                 |
| Maintenance, services, and repairs                            | 8,000                 |
| Processing fees/credit reports for<br>new tenants/advertising | 2,000                 |
| Mileage/Travel  | 1,750                 |
| Tenant activities   | <u>3,000</u>          |
| Total   | \$326,660             |

<sup>5</sup> Baker Place Inc.'s application included the Tenderloin AIDS Resource Center and the Lutheran Social Services as subcontractors.

<sup>6</sup> The 7.5 FTEs consisting of 1 FTE site administrator, 4.2 FTE Front Desk Clerks, .33 FTE Maintenance supervisor, 1 FTE Assistant Maintenance position and 1 FTE Janitor will be responsible for on-site operations functions.

<sup>7</sup> The management fee is calculated as \$40.50 multiplied by 50 (the number of units) per month, totaling \$24,300 annually.

Attachment I provided by DPH also contains explanations for property management services expenditures.

Attachment II provided by DPH, compares the property management and support services costs for the three existing residential hotels to the proposed cost of the Star Hotel. Attachment II also explains variations in unit cost of such services which depend on the needs of the target population and the proximity of other support services.

3. According to Mr. Trotz, Baker Places Inc. would provide a range of on-site support services for mental health, life skills development, crisis intervention, access to medical care, and meals, at an annual cost of \$300,000. The \$300,000 in expenditures including 5 FTEs are shown in the following table:

### Support Services Cost Summary

| <u>Expenditure Item</u>                     | <u>Estimated Cost</u> |
|---|-----------------------|
| Program Director (1 FTE)                    | \$50,000              |
| Intensive Case Managers (2 FTEs)            | 100,000               |
| Case Manager for<br>AIDS Services (0.5 FTE) | 25,000                |
| Peers Advocate<br>Social Worker (1 FTE)     | 50,000                |
| Money Manager (0.5 FTE)                     | 25,000                |
| Client activities and supplies              | <u>50,000</u>         |
| <b>Total</b>                                | <b>\$300,000</b>      |

Under the subject lease, DPH would be responsible for the cost of maintenance and repair of major systems such as the elevator, and the heating, ventilation, air conditioning, electrical, and plumbing systems. The John Stewart Company would be responsible for the full cost of routine maintenance and repair of non-major systems and facilities, including monthly pest control services at an estimated cost of \$8,000 annually. If such maintenance or repairs exceeds \$1,500 per maintenance incidence, DPH shall notify the lessor of the necessity for an extra ordinary maintenance or repair obligation. If during any one year of the lease period, the City's annual maintenance and repair costs exceeds \$10,000 and did not result from DPH or subtenant negligence, misconduct, or vandalism, DPH may submit to lessor a written request that the lessor pay the amount in excess of the \$10,000 annual cap.<sup>8</sup>

4. Ms. Jean Medlar of the Department of Real Estate Services states that the proposed rent at \$2.21 per square foot represents fair market value.

**Recommendation:** Approve the proposed resolution and the release of reserved funds.

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<sup>8</sup> According to Mr. Trotz failure of the lessor to make necessary repairs in excess of the annual cap of \$10,000 would be considered a breach of contract and DPH would deduct that amount from its rent payment or pursue a legal remedy.

City and County of San Francisco  
Department of Public Health

Housing and Urban Health  
101 Grove Street, Room 119  
San Francisco, California 94102-4505  
Phone: (415) 554-2679  
Fax: (415) 554-2658

## MEMORANDUM

**DATE:** 5/10/01  
**TO:** Pascal St. Gerard  
**FROM:** Marc Trotz  
**SUBJECT:** Tenant Improvements and Start-up Costs; FY 2001-2002 Items

### **Tenant Improvements**

The \$230,000 for tenant improvements was determined through a negotiated process with the owner of the Star. The basis for our negotiation was that the City would only pay for improvements above and beyond the customary work that would be done to bring a hotel up to good habitability standards. Therefore, items such as the community kitchen, private counseling spaces, and community rooms, were tenant improvements agreed upon as specifically attributable to our supportive housing model. The cost for these improvements were included in the overall construction cost breakdown by the owner's contractor. Staff at DPH consulted with independent architects and construction specialists to verify that the cost were reasonable. The improvements are expected to be completed by June 20, 2001.

At this point in time, we have not paid, or have not committed to pay for the cost of the tenant improvements. The owner is fully aware that the lease and release of funds is pending before the Board of Supervisors and is proceeding with the rehabilitation at their own risk.

### **Start-up Costs**

No contractor costs will be incurred for this project before the Board of Supervisors has approved the lease and the release of funds. Any unspent funds from the start-up will be available for appropriation by the Board of Supervisors at a future date.

The entire budget for fiscal year 00-01 is being considered as "start-up" given the fact that the building will not start housing residents unit fiscal year 01-02. DPH has learned that having a well thought out start-up is key to operating a successful supportive housing project that can provide effective stabilization services for people who have been chronically homeless and/or who have multiple disabilities. The start-up includes equipping the building with the necessary furnishings and office equipment, having the proper physical spaces that promote community building and other therapeutic interventions, and hiring and training qualified staff to provide property management and support services.



Below is a brief description of several start-up items you inquired about that were listed in the breakdown previously transmitted to you:

|                                   |   |
|-----------------------------------|---|
| Personnel                         | Key staff for both property management and support services are hired 1 month before tenant intake to conduct staff training and work on solidifying all programmatic details.  |
| Security Deposit                  | This is a damage deposit paid to the owner following execution of the lease and is equal to 2 months rent.  |
| Legal Consultant                  | Project Sponsor will use these funds to ensure that all tenant leases and house rules conform to fair housing law and other non-discrimination statutes.  |
| Client Recruitment/telephone      | These costs are associated with the outreach and rent-up process that will begin in June.   |
| Furniture and Equipment           | These cost include the cost of furnishings for the 50 rooms, lobby furniture, basic kitchen equipment, computers and a printer.   |
| Management Fee                    | The management fee is a standard per unit per month charge that management companies charge for their services. Payment of the management fee will commence following approval by the Board of Supervisors.   |
| Database Consultant               | Because of the multiple funding sources, including state, federal, and local, DPH will be required to report on many different outcomes and processes that will occur at this project. The database insures that client level information is collected in a consistent manner and includes all the data necessary for reporting to our various funding sources and appropriately protects client confidentiality. |
| Operating and Maintenance Reserve | In all projects of this scale it is prudent to have some funds set aside for unforeseen operating and maintenance expenses. These funds are put in a segregated account and can only be used to cover such costs.   |

#### FY 2001-2002 Costs

|                              |  |
|------------------------------|--|
| Property Management Services | In FY 01-02 (excluded from the start-up costs), budget will include processing fees, seminars and training, and mileage and travel. Processing fees are standard property management expenses related to obtaining credit reports, tenant eviction history, and criminal history of prospective tenants. Seminar and training will be for property management staff to build their skills and capacity in property management. Mileage and travel are travel for the purchase of supplies or equipment or to attend necessary meetings related to property management. |
|------------------------------|--|

I believe the other items on the start-up breakdown are self explanatory. If you have any further questions, please call me at 554-2565.



## MEMORANDUM

**DATE:** 5/10/01  
**TO:** Pascal St. Gerard  
**FROM:** Marc Trotz  
**SUBJECT:** Site Comparison

The table below includes the comparison you requested. In comparing sites it is important to note that support services and building operations costs vary between buildings due to differences in target population, level of on-site services, and physical properties of each building. Lease rates range between \$315.00-\$425.00 per unit per month depending on site location, date at which the lease was negotiated, and building amenities. The current project, the Star Hotel has a relatively high per unit cost mainly because it is a small building but has many of the fixed costs of a larger site and it is targeting seriously mentally ill people. Conversely, the LeNain Hotel targets homeless seniors and is a relatively stable and quiet building and relies on a broad range of community-based services in close proximity to the site.

| Property        | No of Units | Services on Site   | Property Management Cost | Support Services Cost | Total Cost | Cost <sup>1</sup> per Unit |
|-----------------|-------------|--|--------------------------|-----------------------|------------|----------------------------|
| Star Hotel      | 50          | case management, HIV/AIDS peer advocacy, mental health and substance abuse services, vocational services, money management | \$326,660                | \$300,000             | \$626,660  | \$12,533 <sup>2</sup>      |
| Windsor Hotel   | 94          | medical care, case management, benefits/entitlement services, rent payee program   | \$548,670                | \$427,755             | \$976,425  | \$10,388                   |
| Le Nain Hotel   | 92          | case management, senior services, rent payee program   | \$379,152                | \$240,938             | \$520,090  | \$6,740 <sup>3</sup>       |
| Pacific Bay Inn | 75          | case management, mental health & substance abuse services, money management  | \$240,430                | \$364,895             | \$605,325  | \$8,071                    |

<sup>1</sup> Cost per unit will vary across the different residential hotels depending on the total number of units, the level of support services provided at the site and the year in which the residential hotel was brought on line. In addition, some of the residential hotels have tenants that are not part of DPH's program and as a result pay slightly more in monthly rent, thus allowing DPH to recover more of its costs.

<sup>2</sup> The Star Hotel's cost per unit tends to be higher than the other sites DPH has brought on line because of the acute needs of the target population that will reside at the Star Hotel.

<sup>3</sup> The Le Nain Hotel's cost per unit is the lowest because the neighborhood surrounding it has a number of support services in close proximity as a result it was not necessary to locate them onsite.



Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

Item 6 - File 01-0729

**Department:** Department of Public Works (DPW)  
Department of Public Health (DPH)  
Laguna Honda Hospital (LHH)

**Item:** Release of reserved funds in the amount of \$3,371,740 for architectural and engineering costs for the Laguna Honda Hospital Replacement Project.

**Amount:** \$3,371,740

**Source of Funds:** Tobacco Settlement Funds

**Description:** In June of 2000 the Board of Supervisors appropriated a total of \$9,243,481, including \$3,371,740 placed on reserve, in Tobacco Settlement Funds for the Laguna Honda Replacement Project (File No. 00-0772) for the following:

|   |                |
|---|----------------|
| Architectural and Engineering Consultants   | \$6,743,481    |
| Initial Permits and City Agency Review Fees | 1,600,000      |
| Environmental Review Consultants            | <u>900,000</u> |
| Total                                       | \$9,243,481    |

At the time of the supplemental appropriation, the Department of Public Works (DPW) had not yet selected consultants for the \$6,743,481 in Architectural and Engineering consulting services. The Finance and Labor Committee of the Board of Supervisors thus placed \$3,371,740 on reserve, or 50 percent of the \$6,743,481 appropriated for the Architectural and Engineering services consultant costs, pending selection of consultants and submission of budget details, including the hourly rates and estimated hours, to the Finance Committee. The proposed release of reserved funds in the amount of \$3,371,740 would partially fund the expansion of an existing consulting contract with an outside architectural and engineering consulting firm for the Laguna Honda Hospital Replacement Project.

According to Mr. Michael Lane of the Department of Public Works (DPW), in July of 2000, DPW selected the

BOARD OF SUPERVISORS  
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joint venture of Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects ("Joint Venture"), through a Request for Qualifications (RFQ) process to provide the architectural and engineering services needed for the entire project, including the planning, design, and construction phases of the project. Mr. Lane advises that the total estimated costs for such architectural and engineering services is \$30,000,000. However, DPW entered into an initial interim contract ("interim contract") with the Joint Venture for \$2,400,352, for the period from September 1, 2000 through February 28, 2001, in order to define the larger scope and cost of the project before finalizing the Master Architect Agreement with the Joint Venture (see Comment No. 3).

DPW now plans to expand the interim contract of \$2,400,352 with the Joint Venture by \$4,343,129 for continued architectural programming and planning services, for a total contract amount of \$6,743,481, as originally budgeted for such services in the June of 2000 supplemental appropriation. This additional \$4,343,129 would be funded by the proposed release of \$3,371,740 in reserved Tobacco Settlement funds and \$971,389 in Tobacco Settlement Funds previously appropriated by the Board of Supervisors in June of 2000.

Mr. Lane advises that in July of 2001, DPW plans to finalize a Master Architect Agreement with the Joint Venture at a total estimated cost of approximately \$30,000,000, which would include the scope, terms and maximum cost of all architectural and engineering services to be provided by the Joint Venture. Mr. Lane advises that this estimated \$30,000,000 Master Architect Agreement would include the \$6,743,481 original appropriation (\$2,400,352 interim contract plus the proposed \$4,343,129 expansion). Mr. Lane advises that the additional \$23,256,519 (\$30,000,000 less \$6,743,481) in funding required for the estimated \$30,000,000 Master Architect Agreement would be funded by a combination of Tobacco Settlement Funds and General Obligation Bond proceeds. Mr. Lane advises that DPW will request Board of Supervisors approval of the Master Architect Agreement of approximately \$30,000,000, as required by

Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

Charter Section 9.118, because the contract will exceed \$10 million.

The Joint Venture is comprised of 38 firms, including the two prime contractors (Anshen & Allen and Gordon H. Chong & Partners) and 36 subcontractors. Attachment I, provided by DPW, excluding the Administrative Assistants, contains the range of \$75 to \$290 in hourly rates for the 38 firms.

**Budget:**

Attachment II, provided by DPW, contains a budget, including the hourly rates and hours, for the original supplemental appropriation of \$6,743,481 for architectural and engineering consultant costs which was appropriated in June of 2000, including the proposed release of reserved funds of \$3,371,740.

**Comments:**

1. Under the Laguna Honda Hospital Replacement Project, the majority of the Laguna Honda Hospital main building will be demolished and reconstructed, including Clarendon Hall, resulting in a facility that will accommodate a total of 1,200 beds. Mr. Lane advises that construction on the Laguna Honda Hospital Replacement Project is expected to begin in Summer of 2002, be largely functional in 2007 and be fully completed by the year 2011. Mr. Lane further advises that the design and planning portion of the project is expected to be completed by Spring of 2003.

2. According to Mr. Lane, the estimated total project costs for the Laguna Honda Hospital Replacement Project is \$401,600,000. The anticipated sources of funding for the \$401,600,000 project would be as follows:

|   |                   |
|---|-------------------|
| General Obligation Bonds approved by the voters<br>in the November of 1999 General Election | \$299,000,000     |
| Interest Earned on General Obligation Bonds   | 21,703,283        |
| Tobacco Settlement Revenues<br>(including interest earnings)                                | <u>80,696,717</u> |
|   | \$401,600,000     |

Total construction contract costs for the proposed project are estimated at \$309,221,000. Mr. Lane advises that, as previously noted, the anticipated total expenditures for

BOARD OF SUPERVISORS  
BUDGET ANALYST



Architectural and Engineering consulting for the Laguna Honda Hospital Replacement Project are \$30,000,000, or 9.7 percent, of the total construction costs of \$309,221,000 for the Laguna Honda Hospital Replacement Project. The balance of \$62,379,000 in project costs (\$401,600,000 less \$309,221,000 less \$30,000,000) includes the Environmental Impact Report, permits, fees, construction management, inspections and additional design by DPW's Bureau of Architecture.

3. As previously noted, DPW entered into an interim contract of \$2,400,352 with the Joint Venture for planning and programming work for the six-month period from September 1, 2000 through February 28, 2001, which was funded by the \$3,371,741 in funds appropriated and not reserved by the Board of Supervisors in June of 2000. Mr. Lane advises that as soon as the requested release of reserved funds is approved, DPW will modify the interim contract to extend the contract expiration date to August 15, 2001. Mr. Lane states that by the Finance Committee meeting of May 16, 2001, when the subject release of reserved funds will be considered, DPW will not have incurred expenses above the \$3,371,741 previously appropriated and not reserved by the Board of Supervisors in June of 2000.

4. As stated previously, DPW selected the Joint Venture through a Request for Proposals (RFQ) process based on the Joint Venture's qualifications. Mr. Lane advises that DPW advertised the RFQ in the newspaper, and that only the three following firms submitted responses: (a) Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects, which was selected, (b) Skidmore, Owens, Merrill (SOM)/Smith Group, and (c) Kaplan, McLaughlin, Diaz (KMD)/Gerson Overstreet. Attachment IV, provided by DPW, explains the criteria DPW used to evaluate proposals and select Anshen & Allen/Gordon H. Chong & Partners, Laguna Honda Hospital Joint Venture Architects. Mr. Lane states that firms were not required to include cost estimates in their proposals, and as stated in Attachment IV, "cost was not one of the evaluation criterion."

Recommendation: Approve the proposed release of reserved funds.

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**FY 00-01 Reserve Funds – LHH Tobacco Settlement Funds  
ATTACHMENT A**

Design Consulting Services

The architectural and engineering services are needed to continue conducting the environmental review process, to complete programming and planning phase, to secure preliminary permits, to complete site and utility analyses and to complete permit documents for temporary utility plants.

|                   | Average Median<br>Rate | Hours  | Total       |
|-------------------|------------------------|--------|-------------|
| Design Consulting | \$119/hour             | 28,334 | \$3,371,740 |

The consultant fees among the 38 firms range from a median of \$77 an hour for an entry engineer to a median of \$290 an hour for a president/principal. The firm of Lamorena & Chang, Certified Public Accountants, did a cost disclosure review on the rates of the joint venture firms for reasonableness. See Table below. The average median rate of \$119 per hour is a blended rate that is comparable to the median rate of a senior associate project manager.

Consultants' Billing Rate Summary

| Title                       | Median |
|-----------------------------|--------|
| President, Principal        | \$290  |
| Principal, Director, VP     | 164    |
| Lower level Sr. Principal   | 150    |
| Managing Principal, Sr.     | 135    |
| Project Manager, Sr. Assoc. | 119    |
| Engineer III                | 108    |
| Engineer II                 | 92     |
| Engineer I                  | 77     |
| CADD Jr.                    | 75     |
| Admin Assistant             | 60     |
| Information Services, I.T.  | 130    |

Source: Department of Public Works

# Laguna Honda Replacement Project Program Projected Architectural and Engineering Consulting

LH Joint Venture Architects

# Project Start Through Project Start Through

Through

| Original Contract |           | Estimated Sves thru June, 2001 |           |       | Jun-01     |        | Estimated Sves thru August, 2001 |       |            | August 15, 2001 |           |
|-------------------|-----------|--------------------------------|-----------|-------|------------|--------|----------------------------------|-------|------------|-----------------|-----------|
| Hourly            | Projected | Hourly                         | Projected | Total | Cumulative | Hourly | Projected                        | Total | Cumulative | Hourly          | Projected |
| Rate              | Hours     | Rate                           | Hours     | Rate  | Hours      | Rate   | Hours                            | Rate  | Hours      | Rate            | Hours     |

Anshen & Allen

|                                    |      |      |         |       |     |         |         |       |          |         |           |
|------------------------------------|------|------|---------|-------|-----|---------|---------|-------|----------|---------|-----------|
| Senior Principal                   | 300  | 243  | 72,900  | 300   | 61  | 18,242  | 91,142  | 300   | 225,45   | 67,635  | 158,777   |
| Principal                          | 210  | 126  | 26,460  | 210   | 32  | 6,621   | 33,081  | 210   | 116,90   | 24,549  | 57,630    |
| Project Director /Senior Architect | 140  | 1572 | 220,080 | 140   | 393 | 55,071  | 275,151 | 140   | 1,458,47 | 204,186 | 479,338   |
| Project Coordination associate     | 90   | 769  | 69,210  | 90    | 192 | 17,319  | 86,529  | 90    | 713,47   | 64,212  | 150,740   |
| Designer 2                         | 75   | 1208 | 90,600  | 75    | 302 | 22,671  | 113,271 | 75    | 1,120,76 | 84,057  | 197,328   |
| Designer 1                         | 70   | 1276 | 89,320  | 70    | 319 | 22,351  | 111,671 | 70    | 1,183,85 | 82,870  | 194,540   |
| Architect                          | 95   | 653  | 62,035  | 95    | 163 | 15,523  | 77,558  | 95    | 605,84   | 57,555  | 135,113   |
| Administrative                     | 65   | 724  | 47,060  | 65    | 181 | 11,776  | 58,836  | 65    | 671,71   | 43,661  | 102,497   |
| Sub-total                          | 6571 |      | 677,665 | 1,644 |     | 169,574 | 847,239 | 6,096 |          | 628,726 | 1,475,965 |

Gordon H. Chong

|   |      |     |         |     |     |        |         |       |        |         |         |
|---|------|-----|---------|-----|-----|--------|---------|-------|--------|---------|---------|
| President                                 | 280  | 154 | 43,120  | 280 | 39  | 10,790 | 53,910  | 280   | 142,88 | 40,006  | 93,916  |
| Managing Partner                          | 210  | 82  | 17,220  | 210 | 21  | 4,309  | 21,529  | 210   | 76,08  | 15,976  | 37,505  |
| Senior Planner/Senior Technical Architect | 120  | 763 | 91,560  | 120 | 191 | 22,911 | 114,471 | 120   | 707,90 | 84,948  | 199,419 |
| Project Designer/Senior Architect         | 90   | 712 | 64,080  | 90  | 178 | 16,035 | 80,115  | 90    | 660,58 | 59,452  | 139,567 |
| Project Director/Senior Project Manager   | 140  | 635 | 88,900  | 140 | 159 | 22,246 | 111,146 | 140   | 589,14 | 82,480  | 193,626 |
| Junior/Intermediate Designer              | 65   | 588 | 38,220  | 65  | 147 | 9,564  | 47,784  | 65    | 545,54 | 35,460  | 83,244  |
| Project Administrator                     | 60   | 4   | 240     | 60  | 1   | 60     | 300     | 60    | 3,71   | 223     | 523     |
| Sub-total                                 | 2938 |     | 343,340 | 735 |     | 85,915 | 429,255 | 2,726 |        | 318,545 | 747,800 |

Architects

|                               |       |       |         |     |     |        |         |       |       |         |         |
|-------------------------------|-------|-------|---------|-----|-----|--------|---------|-------|-------|---------|---------|
| Tsang Architecture            | 125   | 1,320 | 165,044 | 125 | 330 | 41,299 | 206,343 | 125   | 1,225 | 153,125 | 359,468 |
| Powell & Partners             | 119   | 42    | 5,000   | 119 | 11  | 1,251  | 6,251   | 119   | 39    | 4,639   | 10,890  |
| Kodomo&Sano Architects        | 119   | 42    | 5,000   | 119 | 11  | 1,251  | 6,251   | 119   | 39    | 4,639   | 10,890  |
| Aviva Litman-Cleper Architect | 110   | 638   | 70,160  | 110 | 160 | 17,556 | 87,716  | 110   | 592   | 65,093  | 152,810 |
| Von Der Rhyn Architects       | 119   | 50    | 6,000   | 119 | 13  | 1,501  | 7,501   | 119   | 47    | 5,567   | 13,068  |
| Leibrock/Guynes/Becker/Chen   | 119   | 192   | 22,800  | 119 | 48  | 5,705  | 28,505  | 119   | 178   | 21,153  | 49,659  |
| Sub-total                     | 2,284 |       | 274,004 | 572 |     | 68,565 | 342,569 | 2,119 |       | 254,216 | 596,785 |

Projected Architectural and Engineering Consulting

LH Joint Venture Architects

|                   |                 |       | Project Start Through          |                 |       | Project Start Through            |                 |                  |
|-------------------|-----------------|-------|--------------------------------|-----------------|-------|----------------------------------|-----------------|------------------|
|                   |                 |       | Jun-01                         |                 |       | August 15, 2001                  |                 |                  |
| Original Contract |                 |       | Estimated Svcs thru June, 2001 |                 |       | Estimated Svcs thru August, 2001 |                 |                  |
| Hourly Rate       | Projected Hours | Total | Hourly Rate                    | Projected Hours | Total | Hourly Rate                      | Projected Hours | Cumulative Total |

Sub-Consultants

|                                       |        |           |         |        |           |           |         |        |           |           |         |
|---------------------------------------|--------|-----------|---------|--------|-----------|-----------|---------|--------|-----------|-----------|---------|
| Farrell-Eisesser                      | 125    | 182       | 22,700  | 125    | 227       | 28,380    | 51,080  | 125    | 303       | 37,906    | 88,986  |
| Rutherford & Checkmate, Inc           | 125    | 214       | 26,700  | 125    | 267       | 33,381    | 60,081  | 125    | 357       | 44,586    | 104,667 |
| Bello Vernorel Structural Engineering | 90     | 211       | 19,000  | 90     | 264       | 23,754    | 42,754  | 90     | 353       | 31,728    | 74,482  |
| Anasazi Structural Engineers          | 110    | 173       | 19,000  | 110    | 216       | 23,754    | 42,754  | 110    | 288       | 31,728    | 74,482  |
| Ove Arup & Partners                   | 135    | 791       | 106,820 | 135    | 989       | 133,550   | 240,370 | 135    | 1,321     | 178,376   | 418,745 |
| ST Engineers                          | 98     | 282       | 27,600  | 98     | 352       | 34,506    | 62,106  | 98     | 470       | 46,088    | 108,195 |
| Ove Arup & Partners                   | 135    | 640       | 86,440  | 135    | 801       | 108,070   | 194,510 | 135    | 1,069     | 144,344   | 338,854 |
| FW & Associates                       | 110    | 158       | 17,400  | 110    | 198       | 21,754    | 39,154  | 110    | 264       | 29,056    | 68,210  |
| Gene Burton Associates                | 125    | 214       | 26,780  | 125    | 268       | 33,481    | 60,261  | 125    | 358       | 44,719    | 104,980 |
| Civil Little International            | 125    | 330       | 41,250  | 125    | 413       | 51,572    | 92,822  | 125    | 551       | 68,882    | 161,704 |
| Civil Little International/Glenca     | 125    | 170       | 21,300  | 125    | 213       | 26,630    | 47,930  | 125    | 285       | 35,568    | 83,498  |
| Jones & Associates                    | 119    | 15        | 1,800   | 119    | 4         | 450       | 2,250   | 119    | 14        | 1,670     | 3,920   |
| Henscomb Associates                   | 105    | 242       | 25,382  | 105    | 60        | 6,351     | 31,733  | 105    | 224       | 23,549    | 55,282  |
| M. Lee Corporation                    | 108    | 108       | 11,613  | 108    | 27        | 2,906     | 14,519  | 108    | 100       | 10,774    | 25,293  |
| UC Davis Telehealth                   | 119    | 42        | 5,000   | 119    | 11        | 1,251     | 6,251   | 119    | 39        | 4,639     | 10,890  |
| Lerch Bates                           | 100    | 410       | 41,000  | 100    | 103       | 10,260    | 51,260  | 100    | 380       | 38,039    | 89,299  |
| Lerch Bates                           | 120    | 96        | 11,500  | 120    | 24        | 2,878     | 14,378  | 120    | 89        | 10,670    | 25,047  |
| URS/Dames & Moore                     | 119    | 55        | 6,500   | 119    | 68        | 8,127     | 14,627  | 119    | 91        | 10,854    | 25,481  |
| Olivia Chen consultants               | 55     | 2,871     | 157,920 | 55     | 3,590     | 197,437   | 355,357 | 55     | 4,795     | 263,706   | 619,063 |
| Cheryl Barton                         | 80     | 63        | 5,000   | 80     | 78        | 6,251     | 11,251  | 80     | 104       | 8,349     | 19,601  |
| Orlando Diaz-Azcuy Designs            | 119    | 235       | 28,000  | 119    | 294       | 35,007    | 63,007  | 119    | 393       | 46,756    | 109,763 |
| Kai-Yee Woo Associates                | 125    | 103       | 12,870  | 125    | 129       | 16,090    | 28,960  | 125    | 172       | 21,491    | 50,452  |
| Fongeron Architecture                 | 110    | 97        | 10,640  | 110    | 121       | 13,302    | 23,942  | 110    | 162       | 17,767    | 41,710  |
| Ainslie & Allen Interiors             | 85     | 407       | 34,575  | 85     | 509       | 43,227    | 77,802  | 85     | 679       | 57,736    | 135,538 |
| Arup Communications                   | 135    | 339       | 45,800  | 135    | 424       | 57,261    | 103,061 | 135    | 567       | 76,480    | 179,541 |
| KC Future Planning, Inc               | 125    | 80        | 10,000  | 125    | 100       | 12,502    | 22,502  | 125    | 134       | 16,699    | 39,201  |
| CHS Consulting                        | 100    | 145       | 14,500  | 100    | 181       | 18,128    | 32,628  | 100    | 242       | 24,213    | 56,841  |
| Architect Direct Expenses             |        |           | 50,040  |        |           | 62,562    | 112,602 |        |           | 83,560    | 196,162 |
| Sub-Total                             | 8,672  | 887,130   |         | 9,929  | 1,012,824 | 1,899,954 |         | 13,804 | 1,409,933 | 3,309,887 |         |
| Total                                 | 20,465 | 2,182,139 | -       | 12,880 | 1,336,878 | 3,519,017 | -       | 24,745 | 2,611,420 | 6,130,437 |         |

|             |     |           |           |           |           |           |
|-------------|-----|-----------|-----------|-----------|-----------|-----------|
| Grand Total | 10% | 218,214   | 133,688   | 351,902   | 261,142   | 613,044   |
|             |     | 2,400,353 | 1,470,566 | 3,870,910 | 2,940,678 | 7,642,497 |

Laguna Honda Replacement Project Program  
 Projected Architectural and Engineering Consulting  
 LH Joint Venture Architects

May 24, 2000 Supplemental Appropriation

Current Status

Architectural and Engineering Consultants -  
 Programming and Planning Services

Actual Paid expenditures through 4/30/01 (FAMIS)

Sub-total appropriations remaining 4/30/01

Projected Architectural & Engineering Expenditures

Estimated projected need for 1st reserve drawdown 6/01

Estimated expenditures (see detailed projection)

5/24/00 Appropriated funds

Projected estimated spenddown of reserve request

| Appropriated    | Placed on Reserve | Total           |
|-----------------|-------------------|-----------------|
| 3,371,740       | 3,371,740         | 6,743,480       |
| 1,822,438       |                   |                 |
| 1,549,302       |                   |                 |
| Through 4/30/01 | Through 6/30/01   | Through 8/15/01 |
| (1,822,438)     | (3,870,919)       | (6,743,481)     |
| 3,371,740       | 3,371,740         | 3,371,740       |
|                 | (499,179)         | (3,371,741)     |

Source: Department of Public Works



## City & County of San Francisco Laguna Honda Hospital Replacement Program

Willie Lewis Brown, Jr., Mayor  
Mitchell H. Katz, MD, Director of Public Health  
Edwin M. Lee Director of Public Works

May 10, 2001

Mr. Harvey Rose  
Budget Analyst Office  
Board of Supervisors  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

**Subject: RFQ for Architectural Services**

Dear Mr. Rose:

The Architect for the Laguna Honda Replacement Hospital was selected through a competitive qualifications-based process. This is consistent with selecting professional services contractors. An RFQ was advertised in the paper on January 4, 2000 (CNS1758264). Invitations to participate were not sent out to individual firms. The Architect was required to have completed or have under construction, at a minimum, one \$100M hospital, three \$50M medical buildings, one master plan for a medical campus and one \$20M City project. Similar qualifications applied to the major subconsultants. Three proposals were received on May 8, 2000.

The selection process included a technical screening, and a scored interview. Only teams who passed the technical screening would be invited for interviews. All three firms passed the technical screening. The selection was based on evaluation criteria which were included and explained in the RFQ. The evaluation criteria included the proposers' understanding of the project, their vision for the new hospital, additional experience beyond the minimum required, the organization of their team, availability to perform, quality control, cost control and project management procedures and experience dealing with the State regulatory agency for hospital construction. Cost was not one of the evaluation criterion.

An independent panel of seven people with health care background was selected to conduct the interviews and score the teams. Representatives of the Department of Public Works, the City Attorney's office and the Human Rights Commission, attended but did not participate in the interviews. Interviews were held on July 13, 2000.

The panelists scored each team independently and the scores were added up and the ranking of the teams released. In accordance with the Sunshine Ordinance, the panelists' names and their individual scores were also released.

After the protest period had past, negotiations began with the highest ranked firm: Anshen+Allen/Gordon Chong & Partners.

If you have any questions, please feel free to call me at 759-4595.

Sincerely,

Michael Lane  
Program Manager





Item 7 - File 01-0761

**Department:** Department of Public Health (DPH)

**Item:** Hearing to consider the release of reserved funds in the amount of \$20,000 to continue the funding of an existing Health Educator position in the Mangini Settlement budget for the period March of 2002 through June of 2002.

**Amount:** \$20,000

**Source of Funds:** \$1,500,000 in proceeds from a Settlement and Consolidation Agreement with the R.J. Reynolds Tobacco Company regarding Mangini v. R.J. Reynolds Tobacco Company, et .al.

**Description:** In 1997 San Francisco, along with 13 other California cities and counties, reached a settlement agreement with R.J. Reynolds Tobacco Company in Mangini v. R.J. Reynolds Tobacco Company, et .al. Under the settlement agreement, San Francisco received \$1,500,000 to finance education, enforcement, and advertising campaigns to discourage smoking by minors. In September of 1998 the Board of Supervisors appropriated \$1,500,000 to fund media, health education, and enforcement programs and placed \$553,405 on reserve (File 98-140). In December of 1998 the Finance and Labor Committee released \$73,636 of the \$553,405 to fund enforcement services provided by the Department of Agriculture, Weights and Measures through a work order to DPH, and continued to reserve \$479,769 (File 98-2003).

In August of 2000 the Board of Supervisors released an additional \$211,190 to fund a media campaign designed to discourage minors from cigarette smoking, leaving \$268,579 on reserve (File 00-1305). On December 20, 2000, the Finance Committee approved the release of \$248,579 of the \$268,579 to fund community-based intervention programs to discourage smoking, leaving the subject \$20,000 on reserve (File 00-1583).

According to Ms. Monique Zmuda of DPH, DPH is requesting that the subject \$20,000 in reserved Mangini Settlement funds be released to fund 6.5 pay periods, or 13 weeks, for an existing Health Educator position from March 30, 2002 through June 30, 2002. According to Ms. Zmuda, DPH is

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May 16, 2001 Finance Committee Meeting

requesting the release of the subject reserved funds at this time to ensure that this position is fully funded throughout the upcoming Fiscal Year 2001-2002. According to Ms. Zmuda, this Health Educator position was filled on April 2, 2001. Ms. Zmuda advises that Mangini Settlement funds previously appropriated by the Board of Supervisors in September of 1998 are being used to pay the annual salary cost of \$64,428 for this Health Educator position for the 12 month period from April 2, 2001 through March 29, 2002. The \$20,000 in reserved Mangini Settlement funds have been requested to provide sufficient funding for this position for the remainder of Fiscal Year 2001-2002, from March 30, 2002 through June 30, 2002.

**Budget:**

Ms. Zmuda reports that the proposed budget for the period from March 30, 2002 through June 30, 2002 for this \$20,000 request for salary costs is as follows:

| Position | FTE  | Bi Weekly Salary | Pay Periods | Total Salary | Mandatory Fringe Benefits (@ approximately 24.2 percent) | Total Expenditure |
|----------|------|------------------|-------------|--------------|--|-------------------|
| 2822     | 1.00 | \$2,478          | 6.5         | \$16,107     | \$3,893  | \$20,000          |

**Comment:**

According to Ms. Zmuda, this Health Educator position has been working since April 2, 2001 and would continue to work under the Tobacco Free Project Director to develop, implement, and evaluate the Mangini Settlement funded tobacco prevention programs (see Attachment for job description). Ms. Zmuda reports that previously appropriated Mangini Settlement funds are being used to pay this position's salary costs from April 2, 2001 through March 29, 2002. The subject \$20,000 in reserved Mangini Settlement funds would pay this position's salary costs from March 30, 2002 through June 30, 2002. Ms. Zmuda advises that beginning on July 1, 2002, subject to approval of the Board of Supervisors, funds from the Master Tobacco Settlement Revenue Fund would be used to pay the salary costs of this position. The Master Tobacco Settlement Revenue Fund includes tobacco settlement monies of \$1 million annually, from Fiscal Year 2000-2001 through Fiscal Year 2024-2025. This Fund is used to fund expenditures related to DPH's

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Tobacco Free Project whose purpose is to discourage minors from smoking.

**Recommendation:** Approve the requested release of reserved funds of \$20,000.

(Attachment)  
REQUEST FOR RELEASE OF  
\$20,000 MANGINI SETTLEMENT FUNDS FROM RESERVE

| Position | FTE  | Bi Weekly Salary | Pay Periods | Total Salary | MFB     | Total Expenditure |
|----------|------|------------------|-------------|--------------|---------|-------------------|
| 2822     | 1.00 | \$2,478          | 6.5         | \$16,107     | \$3,893 | \$20,000          |

CLASS 2822 HEALTH EDUCATOR  
JOB DESCRIPTION

Under the supervision of the Tobacco Free Project Director, the employee will perform the following functions:

1. Develop, implement and evaluate the Mangini Settlement funded tobacco prevention program.
2. Maintain current research findings on successful tobacco prevention interventions, including tobacco control policy issues.
3. Monitor contractors implementing the community capacity building process, which involves advocacy for environmental and policy change for tobacco control.
4. Provide technical assistance and training to community based contractors on the development and implementation of community diagnoses, advocacy strategies to address identified community health needs and concerns, as well as overall planning and organizational development.
5. Monitor progress of other city departments provided funding for enforcement of laws regulating tobacco sales to minors, youth access and tobacco advertising.
6. Plan, develop and provide health education presentations.
7. Work with evaluation contractor on evaluation of the program.
8. Develop media and public relations strategies with media contractor to publicize program activities and gain public support for tobacco control actions.
9. Write progress reports and other documents in response to requests from administration as needed.
10. Participate in development of comprehensive tobacco control plan and budget for Master Settlement funded tobacco control program of the Tobacco Free Project.
11. Collect, compile and analyze a variety of data submitted by contractors and other city departments.
12. Serve as representative to department committees and work groups.
13. Serve as representative to regional tobacco control work groups and committees.

Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

Item 9 -File 01-0549

Department: Fire Department

Item: Supplemental Appropriation for the Overtime costs of uniform Firefighters and Investigators in the Fire Department.

Amount: \$2,991,267

|                  |  |                |
|------------------|--|----------------|
| Source of funds: | General Fund Reserve                       | \$1,626,267    |
|                  | Increased Fire Inspection Services Revenue | 505,000        |
|                  | Increased Fire Plan Checking Revenue       | 360,000        |
|                  | Increased Paramedic Services Revenue       | <u>500,000</u> |
|                  | Total Sources                              | \$2,991,267    |

Description: The proposed supplemental appropriation is comprised of the following Overtime:

|                           |                |
|---------------------------|----------------|
| Fire Suppression Overtime | \$2,486,267    |
| Fire Prevention Overtime  | <u>505,000</u> |
| Total                     | \$2,991,267    |

According to a March 15, 2001 letter submitted by Acting Chief of the Fire Department Paul Tabacco, the combined effect of a) Firefighter retirements, which generally occur early each fiscal year, and b) absenteeism resulting from Firefighter use of vacation time, compensatory time, sick leave and disability leave, reduces daily staffing to levels that are not sufficient to meet the minimum daily requirement of 352 Firefighters for Fire Suppression, including Emergency Medical Services personnel. Hence, the Department frequently meets its minimum daily staffing policy of 352 Firefighters by backfilling vacant positions and absences with Firefighters on overtime status, who are paid at time and one half rates.

Based on data submitted to the Budget Analyst, the Fire Department employed, on average, 34.6 Firefighters on overtime per day for the six month period of July of 2000 through December of 2000. During that time, the Department was also hiring and training new Firefighters. Chief Tabacco reports the following new hires since July of 2000:

- 36 H2 Firefighters were hired and trained and were assigned to Fire suppression duty in August of 2000;

BOARD OF SUPERVISORS  
BUDGET ANALYST



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- 48 H2 Firefighters were hired and trained and were assigned to Fire suppression duty in November of 2000;
- 47 H3 Firefighter Paramedics were assigned to Emergency Medical Services duty in January of 2001; and,
- 23 H2 Firefighters graduated from training recently, on March 16, 2001 and have been assigned to Fire suppression duty.

As a result of hiring and training a total of 154 new Firefighters and Firefighter Paramedics this Fiscal Year as outlined above, the number of Firefighters on Overtime to meet the department's Minimum Daily Staffing policy of 352 Firefighters for Fire Suppression, including Emergency Medical Services, has decreased from the average of 34.6 per day for the first six months of FY 2000-2001 to approximately 6 per day for the period of January through April of 2001.

In addition to the Overtime needs for Fire suppression, discussed above, Chief Tabacco reports that continued high demand for Fire Inspection services by developers and contractors has resulted in increased Fire Prevention Overtime spending for such services as the Fire Department is often asked to expedite construction inspection services and conduct certain inspection services such as alarm testing before or after normal work hours and on weekends.

Because of the need for high rates of spending for Overtime discussed above, the Fire Department has requested additional Overtime funding for a) Fire Suppression Services in the amount of \$2,486,267 and b) Fire Prevention Services in the amount of \$505,000, for a total supplemental appropriation of \$2,991,267.

The Fire Department has also realized increased departmental revenue in the amount of \$505,000 for Fire Inspection Services Revenue, \$360,000 for Fire Plan Checking Revenue and \$500,000 for Paramedic Services Revenue, for total additional revenues of \$1,365,000, to fund this supplemental appropriation request, together with \$1,626,267 from the General Fund Reserve resulting in a total request of \$2,991,267.



The proposed supplemental appropriation in the amount of \$2,991,267 was based on a projection submitted to the Mayor that used actual expenditures through the pay period ending February 16, 2001. The projection for Fire Department Overtime spending and all Salaries and Fringe Benefit costs, including Overtime is shown below.

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Fire Department Projection of General Fund Expenditures for Overtime and total Salaries and Fringe Benefits based on Actual Expenditures through February 16, 2001 and Fire Department Spending Plan

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|  | FY 2000-2001<br>Budget | Actual<br>Expenditures<br>Through Pay<br>Period Ending<br>2/16/2001 | Projected<br>Expenditures<br>Through July 30,<br>2001 | Projected Surplus<br>(Deficit) |
|--|------------------------|---|---|--------------------------------|
| Overtime   | \$7,382,801            | \$9,034,823   | \$11,286,347  | (\$3,903,546)                  |
| All Salaries and Fringe<br>Benefits Including Overtime | \$160,720,343*         | \$106,474,054   | \$163,711,610   | (\$2,991,267)                  |

\* The Fire Department budget figure shown above for all salaries and benefits of \$160,720,343 was \$83,214 less than the correct amount of \$160,803,557.

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As shown in the table above:

- Fire Department Overtime spending through February 16, 2001 of \$9,034,823 already exceeded the Overtime budget amount for the entire fiscal year of \$7,382,801 by \$1,652,022 or 22.4 percent.
- Projected Overtime spending for all of FY 2000-2001 of \$11,286,347 would exceed the Overtime budget amount for the entire fiscal year of \$7,382,801 by \$3,903,546 or 52.9 percent.
- For all General Fund Salaries and Benefits, including Overtime, the Fire Department spending plan projected total spending of \$163,711,610 which is \$2,991,267 or 1.9 percent more than the budget amount for such expenditures of \$160,803,557.

During FY 2000-2001, the Budget Analyst has monitored overtime spending and Firefighter absenteeism data in conjunction with the performance audit and the Zero Base Budget Analysis of the Fire Department directed by the Board of Supervisors.

Based on payroll expenditures incurred since the proposed supplemental appropriation was submitted to the Mayor on March 15, 2001, Fire Department Overtime spending has continued to decline. As noted above, Fire Suppression staffing has increased as new personnel have been assigned to sworn duty, and the number of Firefighters assigned on Overtime to meet the department's Minimum Daily Staffing policy of 352 has consequently decreased. While Overtime spending averaged \$609,805 per pay period during the first six months of FY 2000-2001, average Overtime spending fell to \$133,029 per pay period during the month of March, 2001.

**Comments:**

1. The Budget Analyst has reviewed the Fire Department's spending plan projections which concludes that the amount needed for the proposed supplemental appropriation is \$2,991,267. The Budget Analyst's review concluded that the Fire Department's projected Overtime spending was at a higher rate for the remainder of FY 2000-2001 in comparison to its most recent actual overtime expenditures. The Budget Analyst then reviewed the spending plan with the Fire Department, to update the spending plan to include expenditure data from subsequent pay periods and reduce the assumed levels of spending for Overtime during the remainder of the fiscal year to reflect recent trends.

Based on this further analysis, the Budget Analyst recommends that the proposed supplemental appropriation can be reduced by \$830,791, from the request of \$2,991,267 to a new total of \$2,160,476. The Fire Department agrees with the recommendation of the Budget Analyst, which would reduce the required funding from the General Fund Reserve from \$1,626,267 to \$795,476.

2. During the performance of the Budget Analyst's Zero Base Budget Review, the Budget Analyst has learned from Fire Department management that more Firefighter personnel have been assigned to the San Francisco Airport than the

amount of funds budgeted. Up to as many as 20 Firefighters have been assigned to the Airport whom the Airport has not funded during the last two fiscal years. The Fire Department and the Mayor's Office are working with Airport staff to account for the funds owed to the General Fund by the Airport for the increased costs of Airport fire protection. The amount of funds owed by the Airport to the General Fund for FY 1999-2000 and FY 2000-2001 is estimated to be \$1,500,000 according to Ms. Christine Ragan, Chief Financial Officer of the Fire Department. As of the writing of this report however, this matter has not been resolved. The Budget Analyst therefore recommends that the proposed supplemental appropriation be continued by the Finance Committee pending resolution of this matter. Should the Airport reimburse the General Fund by the estimated amount of \$1,500,000, such funds would eliminate the need to provide any monies from the General Fund Reserve, including the reduced amount of \$795,476 as recommended by the Budget Analyst. In addition, receipt of such funds from the Airport would increase the General Fund FY 2000-2001 yearend surplus by approximately \$704,524 (\$1,500,000 less \$795,476).

Recommendations:

1. Reduce the proposed supplemental appropriation by \$830,791 from \$2,991,267 to \$2,160,476 as follows:
  - Amend page one, line eight of the supplemental appropriation to reduce the amount of funding from the General Fund Reserve by \$830,791 from \$1,626,267 to \$795,476.
  - Amend page one line 22 of the supplemental appropriation to reduce the expenditure amount for Suppression Overtime – Uniform by \$830,791 from \$2,486,267 to \$1,655,476.
2. Continue the proposed supplemental appropriation, as amended, to the call of the Chair pending resolution of the amount owed by the Airport to the General Fund as noted in Comment 2 above.



Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

Item 10 - File 01-0711

**Department:** Sheriff's Department

**Item:** Ordinance appropriating \$2,971,186 from the General Fund Reserve to cover shortfalls in the Salaries, Overtime, Holiday Pay and Workers' Compensation accounts of the Sheriff's Department.

**Amount:** \$2,971,186

**Source of Funds:** General Fund Reserve

**Proposed Budget:** The Sheriff's proposed FY 2000-2001 supplemental appropriation request is as follows:

|                       |                |                |
|-----------------------|----------------|----------------|
| Permanent Salaries    | \$625,997      |                |
| Fringe Benefits       | 153,026        |                |
| Overtime              | 1,487,463      |                |
| Holiday Pay           | <u>130,827</u> |                |
| <i>Subtotal</i>       |                | \$2,397,313    |
| Workers' Compensation |                | <u>573,873</u> |
| <i>Total</i>          |                | \$2,971,186    |

**Description:** The Controller's Office projects a Sheriff's Department General Fund Salary and Fringe benefit deficit, including Overtime and Holiday Pay, of approximately \$3,112,328, as of April 13, 2001. The table below provides a summary of actual spending on Salaries and Fringe Benefits, including Overtime and Holiday Pay, as of April 13, 2001, and projected expenditures through June 30, 2001, for all Sheriff's Department General Fund Salary and Fringe Benefit accounts, including Overtime and Holiday Pay, based on the Controller's payroll records.

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**Controller's Projection - Sheriff's Department General Fund Expenditures for Overtime Only and Total Salaries and Fringe Benefits, including Overtime and Holiday Pay, through June 30, 2001.**

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|  |                         | Actual<br>Expenditures<br>Through Pay<br>Period Ending | Projected<br>Expenditures<br>Through June<br>30, 2001* | Projected<br>Surplus<br>(Deficit) |
|--|-------------------------|--|--|-----------------------------------|
|  | FY 2000-<br>2001 Budget | 4/13/2001  |  |                                   |
| Overtime   | \$3,319,370             | \$4,276,125  | \$5,441,609  | (\$2,122,239)                     |
| Salaries and Fringe<br>Benefits, Including<br>Overtime and Holiday Pay | \$60,796,938            | \$50,417,174   | \$63,909,266   | (\$3,112,328)                     |

\*Projection based on average spending per pay period, as of 4/13/2001, projected for the remainder of the Fiscal Year.

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As summarized in the table above, the Controller's latest projection report for Salary and Fringe Benefit expenditures, including Overtime and Holiday Pay, shows that:

- As of the pay period ending April 13, 2001, the Sheriff's Department has incurred General Fund Overtime expenditures of \$4,276,158.
- Through April 13, 2001 (or 20.5 of 26.0 pay periods in FY 2000-2001) the Sheriff's Department has already expended 128.8 percent of its total Overtime appropriation of \$3,319,370.
- Based on actual Overtime expenditures incurred through the pay period ending April 13, 2001, the Controller projects that the Sheriff's Department will spend a total of \$5,441,609 on Overtime, which is 63.9 percent, or \$2,122,239 more than the Department's total FY 2000-2001 Overtime appropriation of \$3,319,370.
- For all Salaries and Fringe Benefit Expenditures, including Overtime and Holiday Pay, the Controller projects that the Sheriff's Department will incur total expenditures of \$63,909,266 in FY 2000-2001, which is \$3,112,328 or 5.1 percent more than the FY 2000-2001 budget amount of \$60,796,938.



**Comments:**

1. According to Ms. Jean Mariani of the Sheriff's Department, the Department's FY 2000-2001 budget included increased attrition savings of \$600,000 compared to the FY 1999-2000 budget, and increased salary step adjustment savings of approximately \$900,000 to offset increases in the Overtime budget.

2. The Sheriff's Department projects that an additional \$573,873 is needed for the Workers' Compensation account. According to Ms. Mariani, the projected Workers' Compensation need of \$573,873 includes a one-time settlement of an extraordinary claim of \$385,880.

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**Sheriff's Department Projected Workers' Compensation Expenditures through  
June 30, 2001**

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|                         |             | Actual<br>Expenditures<br>Through<br>4/1/2001 | Projected<br>Expenditures<br>Through June<br>30, 2001* | Projected<br>Surplus<br>(Deficit) |
|-------------------------|-------------|---|--|-----------------------------------|
| FY 2000-<br>2001 Budget |             |   |  |                                   |
| Workers' Compensation   | \$1,394,399 | \$1,496,406                                   | \$1,968,272  | (\$573,873)                       |

The Budget Analyst concurs with the projected deficit of \$573,873 in Workers' Compensation expenditures.

3. The requested supplemental appropriation of \$2,971,186 includes \$2,397,313 for Salary, Fringe Benefit, Overtime, and Holiday Pay expenditures, plus \$573,873 for Workers' Compensation Expenditures. The requested amount of \$2,397,313 for Salary, Fringe Benefit, Overtime, and Holiday Pay expenditures, is \$715,015, or 23 percent, less than the Controller's projected Salary, Fringe Benefit, Overtime, and Holiday Pay deficit of \$3,112,328. According to Ms. Mariani (Attachment D), the Sheriff's Department "believe(s) that (the Department) will sufficiently reduce overtime through the Sheriff's organizational changes, effective 5/14, and the addition of 22 deputies on 5/26, to end the year within the amount of supplemental funding provided". The Budget Analyst concurs with the Sheriff's Department projections, based on their explanation of adjustments to the Controller's projections.

4. According to the Sheriff's Department, the Department implemented new policies, effective April 30, 2001, to reduce the amount of Overtime expenditures for the remaining pay periods of FY 2000-2001. These changes are explained in the attached memorandum (Attachment II), provided by the Sheriff's Department.

5. On December 20, 2000, the Sheriff's Department requested and the Finance Committee approved, a release of \$1,379,072 previously appropriated and reserved by the Board of Supervisors for FY 2000-2001 Overtime expenditures (File 00-2047). At that time, the Sheriff's Department anticipated that Overtime spending would decrease by approximately \$30,000 per pay period for the balance of FY 2000-2001 because 43 new Deputy Sheriff recruits would complete training and be assigned to six County Jails, beginning in January of 2001.

6. The Budget Analyst notes that Overtime expenditures per pay period did not decrease between the pay period ending January 19, 2001 and the pay period ending April 27, 2001, although the 43 new Deputy Sheriffs completed training and were assigned to County Jails beginning in January of 2001. Average Overtime expenditures from July 1, 2000 through the pay period ending January 5, 2001, were \$212,155 per pay period. Average Overtime expenditures from the pay period ending January 19, 2001 through the pay period ending April 27, 2001 were \$215,322 per pay period, or \$3,167 per pay period more than the average Overtime expenditures per pay period from July 1, 2000 through January 5, 2001<sup>1</sup>. As noted in Comment 5, the Sheriff's Department represented to the Finance Committee on December 20, 2000, that Overtime spending would decrease by approximately \$30,000 per pay period when the 43 new Deputy Sheriff's positions were assigned to the County Jails.

As stated by Ms. Mariani in Attachment I, the Sheriff's Department "December projections were overly optimistic,

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<sup>1</sup> According to Ms. Mariani, the average overtime expenditure of \$215,322 per pay period from the pay period ending January 19, 2001 through April 27, 2001, is \$3,167, or 1.5 percent more, than the average overtime expenditure of \$212,155 from July 1, 2000, through the pay period ending January 5, 2001, because the Deputy Sheriffs received a 1.5 percent Cost of Living Adjustment in January of 2001.

in that they assumed, incorrectly, that (the Sheriff's Department) would see a decline in terminations beginning in 2001".

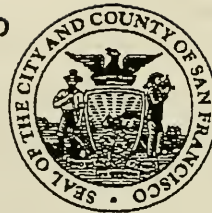
7. In addition to the 43 new Deputy Sheriff positions noted above, 22 new Deputy Sheriffs will complete training and will be assigned to the County Jails, beginning approximately May 26, 2001.

8. As of May 10, 2001, the Sheriff's Department has 26 vacant sworn Deputy Sheriff positions, compared to 48 vacant sworn Deputy Sheriff positions as of December 20, 2000. According to Ms. Mariani, the Sheriff's Department will begin a training program August 13, 2001 for new Deputy Sheriff recruits.

**Recommendation:** Approve the proposed supplemental appropriation ordinance.

# City and County of San Francisco

## OFFICE OF THE SHERIFF



Michael Hennessey  
SHERIFF

415 - 554 - 7225

May 10, 2001  
Ref: CFO 01-012

TO: Budget Analyst's Office

FROM: Jean Mariani *JM*

SUBJECT: May 16, 2001 Finance Committee File 01-0711

Here is the Sheriff's Department response to your request for additional information. In your draft report you note that we projected overtime spending would decrease by approximately \$30,000 per pay period beginning in January once 43 new deputies were assigned after training. According to our personnel staff, since July 1, 2000, the following numbers of deputies became jail ready: 12 on 8/7/00, 1 on 9/4/00, 11 on 11/6/00, 9 on 12/11/00, 9 on 1/2/01, 5 on 2/25/01, or a total of 47 new deputies assigned to duty this fiscal year. We currently have 22 deputies in training who will be jail ready on 5/26/01. In addition to the 38 deputies who left between July 1 and December 31, 2000, since January 1, 2001, we have lost an additional 20 deputies. The difference between deputies trained and deputies terminated is a net increase of 11.

We also have 30 deputies on long-term leave, 45 in academies (who will be available for duty in August and September), and 28 vacant sworn requisitions (26 deputies, 1 senior deputy, 1 sergeant), for a total of 103 positions not available for work out of a total of 816 sworn positions, which means we replace more than 10 percent of our sworn assignments on overtime, exclusive of vacation, sick leave, compensatory time off, training, military and other short-term leaves.

To put it simply, our December projections were overly optimistic, in that they assumed, incorrectly, that we would see a decline in terminations beginning in 2001. That has not occurred.

May 10, 2001  
Budget Analyst's Office  
Page 2

We believe that we will sufficiently reduce overtime through the Sheriff's organizational changes effective 5/14 and the addition of 22 deputies on 5/26 to end the year within the amount of supplemental funding provided.

You also questioned the difference between the Controller's projections, which are based on an average of pay periods to date, and our estimate. The attached table indicates the differences in the projections of approximately \$330,000.

As I previously mentioned to you, we will have preliminary figures on the impact of organizational changes on overtime usage available at the meeting on Wednesday.

| PP ending 4/13/01        | Controller's Estimates<br>Average | Planned    |  | Sheriff    |  |
|--------------------------|-----------------------------------|------------|--|------------|--|
| 001 Permanent Salaries   | -683,328                          | -538,031   |  | -730,632   | Our attrition savings increased by \$600K while STEF M increased by almost \$1M which the Mayor moved to OT  |
| 005 Temporary Salaries   | -72,865                           | 64,409     |  | -79,252    | For an accountant on temp salaries in the Civil Division   |
| 009 Premium Pay          | -142,833                          | -10,021    |  | -12,320    | Controller's average includes the \$500K uniform allowance we pay in September   |
| 010 Retroactive Salaries | -199,058                          | -156,418   |  | 0          | Some of this includes the one-time MEA payment in October -- adding this to permanent salaries, the Controller shows us between \$694,449 and \$882,308 deficit in Perm Salaries -- my estimate is on the low side because of a one-line adjustment of \$78,102 which should not be averaged |
| 011 Overtime             | -2,122,439                        | -1,946,755 |  | -2,175,384 | assigned to duty on 5/26 will impact overtime rates for the balance of the year  |
| 012 Holiday Pay          | -133,997                          | -129,313   |  | -130,827   | Somewhere along the way we lost a holiday as well as COLA adjustment   |
| Totals                   | -3,354,520                        | -2,844,947 |  | -3,128,415 |  |
| 013 Retirement           | 422,673                           | 540,851    |  | 506,948    | We don't pay retirement on OT or PERS retirement for 8302's who are in the City Retirement System  |
| 014 Social Security      | -50,117                           | -44,080    |  | -50,125    |  |
| 015 Health Service       | -27,468                           | -91,928    |  | -16,001    |  |
| 016 Dental Coverage      | -8,879                            | -16,377    |  | -2,764     |  |
| 017 Unemployment         | -6,181                            | -5,036     |  | -5,450     |  |
| 019 Other Fringe         | -87,856                           | -86,526    |  | -86,544    |  |
| Totals                   | 242,192                           | 296,904    |  | 346,064    | These pretty much track Controller.  |
| Grand Total              | -3,112,328                        | -2,548,043 |  | -2,782,351 |  |





# San Francisco Sheriff's Department

## INTER-OFFICE CORRESPONDENCE

TO: All Personnel  
FR: U/S M.A. de Souza  
RE: Overtime Costs  
ON: April 30, 2001

The Department has submitted a supplemental appropriation request for approximately \$3 million in additional overtime for the fiscal year ending June 30, 2001. Overtime costs have continued to increase, primarily as a result of maintaining staff minimums. Over the past months, it has become apparent that we cannot continue to sustain this practice. Deputies and staff are exhausted and there appears to be no end to the amount of funds needed to just keep the department running. After discussions with the DSA and the Facility/Unit Commanders, the following changes are in effect:

### Custody Division:

The Sheriff has reviewed a series of proposals by Chief Dempsey and the Facility Commanders to merge two jail facilities into one operation as a further attempt to distribute staff and reduce overtime. Effective May 12, 2001, the Sheriff has determined that County Jail 7 will be reduced to a two-dorm operation and will operate as an adjunct to County Jail 3. This appears to represent the most efficient reduction given the concern for maintaining single cell housing units throughout the system. Staff in excess of the number needed to operate County Jail 7 at an operationally reduced level, will be assigned to other jail facilities, primarily County Jail 3. Other options to reduce the prisoner population are also being considered.

Effective this date, Supervisory Minimums are suspended. Supervisors will be allowed to work in deputy slots, provided the overtime has been posted, volunteers have been requested and it appears that involuntary overtime will be required to reach minimum staffing. This is a temporary suspension, to be reviewed in 3-4 months.

### Training Programs:

For the remaining weeks of the JTO Program, both trainer and trainees will be counted against the watch minimums. The JTO Program will continue as planned. Trainees will not be subject to overtime draft until the program has been completed. The Department remains committed to maintaining the integrity of the program and there are no plans to change it in any way that is not consistent with improving its development or enhancing its effectiveness. The FTO Program will continue through its planning and implementation phases, with the majority of staffing impact occurring in the Field Services Division.

### City Hall Security / Warrant Service Unit:

Chief Hennessy and her staff will be modifying coverage for some designated post positions to reduce City Hall Security overtime. This unit currently expends the highest amount of overtime since the staffing is approximately 41% below its allotted level. Effective immediately, the Alternative Programs Division will begin to effect warrant service through flex scheduling as opposed to overtime. FRET support will also be significantly reduced, at least until the end of the fiscal year. We will continue to cooperate with the Police Department, but our role will be scaled back to a more realistic level.

These changes are not expected to be permanent, but until the academies graduate and new hires are on board, these necessary measures will remain in effect. There are no plans to reduce or eliminate any satellite unit assignments. The Sheriff understands how important these gains have been to the deputies and the future of the Department. This has been a difficult period.

Thank you for your dedication and commitment.

Item 11 - File 01-0781

**Department:** Mayor's Office  
Bureau of Light, Heat and Power (BLHP),  
Public Utilities Commission (PUC)

**Item:** Ordinance appropriating \$4,032,000 from the General Fund Reserve to fund increased costs for natural gas and electricity incurred by the Bureau of Light, Heat and Power for General Fund supported departments.

**Amount:** \$4,032,000

**Source of Funds:** General Fund Reserve

**Description:** The proposed supplemental appropriation would provide \$4,032,000 from the General Fund Reserve to fund the increased cost of natural gas and electricity for General Fund supported departments. The \$4,032,000 would be appropriated directly to the Bureau of Light, Heat and Power (BLHP), which is responsible for administering the supply of electricity, natural gas and steam to City departments. According to Ms. Pamela Levin of the Controller's Office, because non-General Fund Enterprise Fund departments will be able to absorb the increased cost of natural gas and steam within their existing budgets, Enterprise Fund departments would not be funded by the subject supplemental appropriation.

Attachment I, provided by the Controller's Office, shows the amount each General Fund department budgeted for energy (which includes electricity, natural gas and steam), the amount expended to date, and the estimated year-end deficit (see Comment No.1). As shown in Attachment I, provided by the Controller's Office, General Fund supported departments budgeted a total of \$10,528,408 for the purchase of energy. According to the projections provided by the Controller's Office, General Fund supported departments are projected to spend a total of \$16,973,159 on energy during Fiscal Year 2001-2002, which is \$6,444,751, or 61.2 percent, more than the original budgeted amount of \$10,528,408. Ms. Marla Jurosek of the Public Utilities Commission (PUC) advises

that 87.6 percent, or \$5,642,609, of the projected deficit of \$6,444,751 results from the additional cost of natural gas. The remaining deficit of \$802,142, results from the increased cost of electricity. Ms. Jurosek advises that any additional costs of purchasing steam are negligible.<sup>1</sup>

Of the \$6,444,751 deficit in the energy budgets for General Fund supported departments, \$4,032,000<sup>2</sup> would be funded by this supplemental appropriation and \$2,412,684 would be funded by savings in other line items within the budgets for the Department of Public Health and the Recreation and Park Department (see Comment No. 2).

#### Natural Gas

The PUC purchases natural gas from Pacific Gas and Electric (PG&E), which the PUC, in turn, provides to City departments at cost, without a surcharge. The proposed supplemental appropriation would fund the increased cost of natural gas for General Fund supported departments during Fiscal Year 2000-2001 resulting from a general shortage in natural gas supplies. According to Ms. Jurosek, the average price of natural gas during Fiscal Year 1999-2000 was approximately \$0.30 per therm.<sup>3</sup> During Fiscal Year 2000-2001, the average price of natural gas has increased by approximately \$0.70, to approximately \$1.00 per therm, or a 233 percent increase, with the price of natural gas peaking in November of 2000 at \$1.94 per therm.

#### Electricity

The proposed supplemental appropriation would also fund the increased cost of electricity to General Fund supported Departments. A shortage this year in both natural gas and electricity supplies, combined with recent volatility in the cost of purchasing wholesale electric power, have led to significant increases in the cost of purchasing such electric power. However, the majority of

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<sup>1</sup> BLHP purchases steam from San Francisco Thermal, a private steam provider, and, in turn, resells the steam to City departments at cost. Departments such as the Department of Public Health and the Library use steam for heating.

<sup>2</sup> The proposed supplemental appropriation of \$4,032,000 is \$67 less than the projected supplemental of \$4,032,067 shown in Attachment I due to rounding.

<sup>3</sup> A "therm" is equivalent to 100,000 British Thermal Units (BTU).

increased electricity costs are borne by Hetch Hetchy, rather than the individual departments, because Hetch Hetchy charges City departments set rates for electrical power.<sup>4</sup> Hetch Hetchy either generates electricity itself or purchases electricity on the market when needed. To fund the increased cost of purchasing electrical power for resale,<sup>5</sup> the Board of Supervisors approved a supplemental appropriation to provide an additional \$25,400,000 to Hetch Hetchy in March of 2001 for Fiscal Year 2000-2001 (File No. 01-0208). In an effort to help recover its costs, the Public Utilities Commission increased the rate it charges to General Fund supported departments, effective January 1, 2001, by \$0.00625, from \$0.03125 to \$0.0375 per kilowatt hour, an increase of 20 percent. The proposed supplemental appropriation would fund this rate increase in electricity for General Fund supported departments, in addition to the increased cost of purchasing natural gas.

Comments:

1. Attachment I, provided by the Controller's Office, shows for each General Fund department the amount expended for natural gas and steam as of March 31, 2001 and the amount expended to purchase electricity as of December 31, 2000. Ms. Jurosek advises that BLHP does not have more current data on the amount expended to purchase electricity because of errors in PG&E's accounting of electricity use by City departments, as explained further in Attachment II, provided by BLHP. BLHP is currently working with PG&E in order to allow an accurate accounting of electricity used by the City, from January 1, 2001 through March 1, 2001.

2. As shown in the Attachment I, provided by the Controller's Office, the Department of Public Health

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<sup>4</sup> The rate charged by BLHP for electrical power to General Fund supported departments, currently \$0.0375 per kilowatt hour, is established by the San Francisco Public Utilities Commission (PUC). The rate charged to Enterprise Fund departments is currently \$0.10 per kilowatt hour and is based on, and fluctuates with, rates established by the California Public Utilities Commission (CPUC). Ms. Jurosek advises that the CPUC increased the retail rate for electricity in January of 2001 by \$0.01 per kilowatt hour, from \$0.06 to \$0.07 per kilowatt hour, and by an additional \$0.03 per kilowatt hour in March of 2001, from \$0.07 to the current rate of \$0.10 per kilowatt hour.

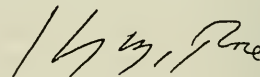
<sup>5</sup> Ms. Jurosek advises that "power for resale" includes power Hetch Hetchy purchases to supply electricity to all of Hetch Hetchy's customers, including City departments and tenants on City-owned land, as well as to other retail and wholesale customers. Such customers include the Modesto and Turlock Irrigation Districts.



Memo to Finance Committee  
May 16, 2001 Finance Committee Meeting

(DPH) plans to fund a portion of the DPH's projected budget deficit for natural gas and electricity with other savings in DPH's Fiscal Year 2000-2001 budget. According to Ms. Monique Zmuda of DPH, DPH will fund an estimated \$2,076,000 of the department's projected deficit of \$3,800,912 with savings from the San Francisco General Hospital's budget for Contractual Services, resulting from a lower than expected Disproportionate Share Payment Program payment to the State for Fiscal Year 2000-2001.<sup>6</sup> DPH's remaining deficit of \$1,724,912 for natural gas and electricity would be funded by the proposed supplemental appropriation. DPH's high energy costs, compared to other City departments, result largely from the cost of providing natural gas to San Francisco General Hospital and Laguna Honda Hospital to heat the facilities and provide hot water for laundry and cleaning. Also, as shown in Attachment I, the Recreation and Park Department (RPD) plans to fund its entire projected deficit of \$336,684 with excess Salary savings and some operating savings, according to Ms. Mary King-Gorwky of RPD.

**Recommendation:** Approve the proposed supplemental appropriation.

  
Harvey M. Rose

Supervisor Leno  
Supervisor Peskin  
Supervisor Gonzalez  
Clerk of the Board  
Controller  
Steve Kawa

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<sup>6</sup> Under the Disproportionate Share Payment Program, established by Senate Bill 855 (SB 855), the City is required to make a transfer of funds to the State Department of Health Services (DHS). The State obtains matching Federal funds to the funds DPH had transferred to the State, and the transferred funds plus the matching Federal funds are then distributed back to the disproportionate share hospitals as Medi-Cal revenues based on Medi-Cal patient days of services. The amount that the City must transfer to the State DHS is based on a statutory formula.



Projected Electricity, Natural Gas, and Steam Spending  
General Fund Departments

|                                      | Annual Budget | Actual Expenditures          |                               | Total        | Annual Projected Spending | Surplus/(Deficit) | Amount Covered by Savings in Other Line Items | Amount in Supplemental |
|--------------------------------------|---------------|------------------------------|-------------------------------|--------------|---------------------------|-------------------|---|------------------------|
|                                      |               | Electricity Through 12/31/00 | Gas and Steam Through 3/31/01 |              |                           |                   |   |                        |
| Juvenile Court                       | \$266,066     | \$40,135                     | \$302,290                     | \$342,425    | \$485,299                 | -\$219,233        | \$0   | -\$219,233             |
| Recreation & Park                    | \$1,635,042   | \$459,733                    | \$845,866                     | \$1,305,599  | \$1,971,726               | -\$336,684        | \$336,684                                     | \$0                    |
| Police                               | \$328,034     | \$78,195                     | \$202,725                     | \$280,920    | \$440,992                 | -\$112,958        | \$0   | -\$112,958             |
| Academy of Science                   | \$305,318     | \$92,475                     | \$234,509                     | \$326,984    | \$505,383                 | -\$200,065        | \$0   | -\$200,065             |
| Fire Arts Museum                     | \$496,000     | \$132,066                    | \$500,204                     | \$632,270    | \$921,241                 | -\$425,241        | \$0   | -\$425,241             |
| Fire                                 | \$315,202     | \$72,438                     | \$277,464                     | \$349,902    | \$487,110                 | -\$171,908        | \$0   | -\$171,908             |
| Public Health                        | \$3,758,245   | \$798,725                    | \$4,256,808                   | \$5,055,533  | \$7,559,157               | -\$3,800,912      | \$2,076,000                                   | -\$1,724,912           |
| Sheliff                              | \$439,676     | \$79,211                     | \$534,295                     | \$613,506    | \$892,629                 | -\$452,953        | \$0   | -\$452,953             |
| LHP                                  | \$2,389,404   | \$828,912                    | \$912,964                     | \$1,741,876  | \$2,930,244               | -\$540,840        | \$0   | -\$540,840             |
| Mayor's Office                       | \$4,530       | \$2,680                      | \$0                           | \$2,680      | \$6,280                   | -\$1,750          | \$0   | -\$1,750               |
| Art Commission                       | \$27,612      | \$9,805                      | \$17,958                      | \$27,763     | \$40,443                  | -\$12,831         | \$0   | -\$12,831              |
| Human Resources - HSC                | \$3,701       | \$1,550                      | \$2,920                       | \$4,470      | \$11,732                  | -\$8,031          | \$0   | -\$8,031               |
| Parking and Traffic                  | \$9,575       | \$4,028                      | \$1,974                       | \$6,001      | \$10,836                  | -\$1,261          | \$0   | -\$1,261               |
| Human Services                       | \$307,770     | \$77,916                     | \$182,225                     | \$360,141    | \$394,369                 | -\$86,599         | \$0   | -\$86,599              |
| Administrative Services - Purchasing | \$40,836      | \$9,903                      | \$33,276                      | \$43,179     | \$61,334                  | -\$20,498         | \$0   | -\$20,498              |
| Asian Art Museum                     | \$4,453       | \$17,270                     | \$0                           | \$17,270     | \$17,270                  | -\$12,817         | \$0   | -\$12,817              |
| DTIS                                 | \$46,749      | \$22,116                     | \$0                           | \$22,116     | \$56,883                  | -\$10,134         | \$0   | -\$10,134              |
| Animal Care and Control              | \$65,970      | \$10,290                     | \$47,078                      | \$57,368     | \$83,794                  | -\$17,824         | \$0   | -\$17,824              |
| Emergency Communications             | \$84,225      | \$29,080                     | \$26,532                      | \$55,612     | \$96,457                  | -\$12,212         | \$0   | -\$12,212              |
|                                      | \$10,528,408  | \$2,766,528                  | \$8,379,087                   | \$11,145,615 | \$16,973,159              | -\$6,444,751      | \$2,412,684                                   | -\$4,032,067           |

Date: 5/10/01  
Sender: Marla Jurosek  
To: Emilie Neumann  
Priority: Normal  
Subject: PG&E data

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Emilie,

The reason we have not been able to provide departments with usage and billing is due to a change of the PG&E CIS program/computer system in January of 2001, they have been unable to provide us with correct data. We have received files with some improper reads and read dates, therefore the calculations for the usage by meter is incorrect. PG&E is in the process of correcting the data for January - March of 2001.

Marla Jurosek  
Director of Retail Services, HHWP  
(415) 554-3131

Source: Public Utilities Commission



# City and County of San Francisco

## Meeting Agenda

### Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Monday, May 21, 2001

9:30 AM

City Hall, Room 263

### Special Meeting

Note: Each item on the Consent or Regular agenda may include the following documents:

- 1) Legislation
- 2) Budget Analyst report
- 3) Legislative Analyst report
- 4) Department or Agency cover letter and/or report
- 5) Public correspondence

These items will be available for review at City Hall, Room 244, Reception Desk.

Each member of the public will be allotted the same maximum number of minutes to speak as set by the Chair at the beginning of each item, excluding City representatives.

## AGENDA CHANGES

DOCUMENTS DEPT.

## REGULAR AGENDA

MAY 21 2001

SAN FRANCISCO  
PUBLIC LIBRARY

### 1. 010848 [Health Plan Benefits - Contractors]

#### Mayor

Ordinance amending the San Francisco Administrative Code by adding Chapter 12Q, encompassing Sections 12Q.1 through 12Q.11, to require contractors that provide services to the City or enter into certain leases with the City, and certain subcontractors, subtenants and parties providing services to tenants and subtenants on City property, with respect to covered employees, to offer health plan benefits to employees, to make payments to the City for use by the Department of Public Health, to make payments directly to employees under limited circumstances, or to participate in a health benefits program developed by the Director of Health. (Mayor)

5/7/01, RECEIVED AND ASSIGNED to Rules Committee.

5/14/01, SUBSTITUTED. The Mayor submitted a substitute ordinance bearing same title, and requests this item be considered at the May 17, 2001 meeting.

5/14/01, ASSIGNED to Rules Committee.

## ADJOURNMENT

**IMPORTANT INFORMATION**

*NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.*

**LEGISLATION UNDER THE 30-DAY RULE****(Not to be considered at this meeting)**

*Rule 5.42 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.*

**010826 [Business Tax and Regulations Code Amendment]  
Supervisor Leno**

Ordinance amending the Business Tax and Regulations Code to (1) clarify general administrative provisions of Article 6 thereof, (2) consolidate the deadlines for renewing business registration certificates and filing annual tax returns, (3) establish a system of administrative penalties and citations for violations of the Business Tax and Regulations Code, (4) eliminate the automatic disqualification from the small business exemption for persons that fail to file a timely business tax return, and (5) establish a graduated system of penalties for persons that otherwise qualify for the small business exemption who fail to file a timely return that is based on how long the return is delinquent. (Treasurer-Tax Collector)

5/2/01, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 6/6/2001.

## Meeting Procedures

The Board of Supervisors is the Legislative Body of the City and County of San Francisco. The Board has several standing Committees where ordinances and resolutions are the subject of hearings at which members of the public are urged to testify. The full Board does not hold a second public hearing on measures which have been heard in committee.

Board procedures do not permit persons in the audience at a Committee meeting to vocally express support or opposition to statements by Supervisors or by other persons testifying. Thus applause and booing are both contrary to Board requirements. The Board does not permit signs to be brought into the meeting or displayed in the room. Standing in the meeting room is not allowed.

Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of a Committee or to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Agenda are available on the internet at [www.ci.sf.ca.us/bdsupvrs.bos.htm](http://www.ci.sf.ca.us/bdsupvrs.bos.htm).

**THE AGENDA PACKET IS AVAILABLE FOR REVIEW AT CITY HALL, ROOM 244, RECEPTION DESK.**

Board meetings are televised on channel 26. For video tape copies and scheduling call (415) 557-4293.

Requests for foreign language translation at a meeting must be received by the Clerk of the Board of Supervisors at least 48 hours before the meeting. For meetings on a Monday or a Tuesday, the request must be made by noon of the last business day of the preceding week.

## Disability Access

Both the Committee Room (Room 263) and the Legislative Chamber are wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex.

The following services are available when requested by 4:00 p.m. of the Friday before the Board meeting:

For American Sign Language interpreters, use of a reader during a meeting, or sound enhancement system, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706. The Clerk of the Board's Office TTY number for speech-hearing impaired is (415) 554-5227.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

## Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall; by mail to Clerk of the Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at [Donna\\_Hall@ci.sf.ca.us](mailto:Donna_Hall@ci.sf.ca.us)

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.ci.sf.ca.us/bdsupvrs/sunshine.htm>

FINANCE COMMITTEE  
S.F. BOARD OF SUPERVISORS  
CITY HALL, ROOM 244  
1 DR. CARLTON GOODLETT PLACE  
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library  
100 Larkin Street Govt Information Center



25  
101  
Dec. 01  
CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 17, 2001

**TO:** Finance Committee

**DOCUMENTS DEPT.**

**FROM:** Budget Analyst

**MAY 22 2001**

**SUBJECT:** May 21, 2001 Special Finance Committee Meeting

**SAN FRANCISCO  
PUBLIC LIBRARY**

Item 1 - File 01-0848

**Note:** An Amendment of the Whole (AOW) has been introduced on the proposed ordinance. The AOW includes six changes which are not anticipated to have any General Fund impact. This item was transferred from the Rules Committee at its meeting of May 17, 2001.

**Departments:** Department of Public Health (DHS)  
Department of Administrative Services (DHS)  
Purchasing Department  
Office of Contract Administration

**Item:** Ordinance amending the San Francisco Administrative Code by adding Chapter 12Q, encompassing Sections 12Q.1 through 12Q.11, to require contractors that provide services to the City or enter into certain leases with the City and certain subcontractors, subtenants and parties providing services to tenants and subtenants on City property, with respect to covered employees, to offer health plan benefits to employees, to either make payments to the City for use by the Department of Public Health or to make payments directly to employees under limited circumstances, or to participate in a Health Benefits Program developed by the Director of Health.

**Description:**

The proposed ordinance would add a new Chapter to the City's Administrative Code, Chapter 12Q, to be known as the San Francisco Health Care Accountability Ordinance. In accordance with this new Chapter 12Q, Health Care Accountability Ordinance, specified contractors and subcontractors that provide public works, improvements or services at the expense of the City, as well as tenants and subtenants under leases and subleases on City-owned or City-controlled property, would be required to choose between offering either (1) health plan benefits to specified covered employees or (2) making payments to (a) the City, or (b) the specified covered employees. The effective date of the proposed ordinance would be July 1, 2001 or 30 days after the proposed ordinance is adopted, whichever is later (See Comment No. 8). Under the proposed ordinance, affected contracts, subcontracts, leases, subleases entered into, or amended, after the effective date, may be required to include the subject Health Care Accountability Ordinance provisions.

In FY 2001-2002, those covered employees that would be entitled to such health plan benefits or payments would include: (1) employees of contractors or subcontractors who work on a City contract or subcontract for 20 hours or more per week or (2) employees of tenants or subtenants who work 20 hours or more per week on property covered by a City lease or sublease, or (3) employees of contractors or subcontractors that have contracts or subcontracts to perform services on property covered by a lease or sublease if such employees work 20 hours or more per week on the property. Effective July 1, 2002, the number of hours per week that an employee must work to be covered by the proposed ordinance would be reduced from 20 hours to 15 hours or more per week, a reduction of five hours or 25 percent (See Comment No 9).

Those employees that would not be covered by the subject ordinance would include: (1) student employees, under the age of 18 years, or trainees in certain bona fide training programs, provided that such student or trainee employees do not replace, displace or lower the wage or benefits of any existing employees, (2) employees covered by the City's prevailing rate of wages, in accordance with City Charter Section A7.204 and Administrative Code Chapter 6, or (3)

disabled employees covered by or eligible for a U.S. Department of Labor sub-minimum wage certificate.

The proposed ordinance also specifies various types of agreements, contracts and leases which would be exempt from the proposed Chapter 12Q provisions, including: (1) agreements that extend for less than one year, (2) agreements that are predominantly for the purchase or lease of goods, or for guarantees, warranties, shipping, delivery, installation or maintenance of such goods, (3) agreements for settlement of legal proceedings, (4) agreements for urgent or specialized advice, consultation or litigation services for the City Attorney's Office, if the City Attorney finds that it would be in the best interests of the City not to include such requirements, (5) agreements for (a) less than \$25,000 for for-profit contractors and (b) less than \$50,000 for non-profit contractors; however, if the contractor has multiple agreements with the City in a given fiscal year, and the cumulative amount of these contracts is \$75,000 or more, these provisions would apply to each such agreement from the date the triggering contract is executed, (6) loan agreements or agreements for investment, management or use of trust assets, or City monies, if compliance would violate the fiduciary duties of the trustees, or the City Treasurer, (7) agreements executed or pursuant to bid packages or requests for proposals advertised prior to the effective date of the subject ordinance, unless amended, (8) agreements involving the expenditure of Special Funds or other Non-General Fund revenues to the extent that application of this provision would require the City to use General Fund monies to supplement the Special Funds or other Non-General Fund revenues to maintain the current level of services, (9) agreements that require grant fund expenditures awarded to the City by another entity, with regards to such grant funds, (10) agreements pursuant to which the City awards a grant to a nonprofit corporation, (11) agreements with public entities, unless that public entity is the San Francisco Redevelopment Agency, San Francisco Local Agency Formation Commission (LAFCO), San Francisco Transportation Authority, San Francisco Parking Authority or the San Francisco Health Authority, (12) agreements for employee benefits for City employees, if the Director of Human Resources finds no entity to comply with these

provisions, (13) agreements for services to tenants or subtenants provided for less than 130 days within a 12-month period, or leases of less than 29 consecutive days in any calendar year, (14) leases that do not provide exclusive use of the property to the tenant, (15) agreements granting franchises or easements, revocable at-will use or encroachment permits on City property, street excavation, construction or use permits or agreements for the use of a City right-of-way, and (16) agreements for using City property under the jurisdiction of Recreation and Park primarily for recreational activities (excluding business operations that provide recreational or entertainment activities).

In addition, if a for profit employer has 20 or fewer employees, or a non-profit employer has 50 or fewer employees, that employer would not be obligated to comply with the subject provisions. In accordance with the proposed ordinance, all employees of all of the employers' parent organizations and subsidiaries would be included in the count for determining the total number of employees.

Under the proposed ordinance, for employees that live in San Francisco or provide services in San Francisco or at the San Francisco Airport or San Bruno Jail, the specified employers (i.e., contractors, subcontractors, tenants, subtenants, etc.) would have the following three options for providing the required health care benefits: (1) offer covered employees health plan benefits that meet the minimum standards prepared by the Director of Public Health and approved by the Health Commission (See Comment No. 5), (2) pay \$1.50 per hour to the City for each hour the covered employee works on the subject City contract or subcontract or property covered by a lease, with such payment not to exceed \$60 per week, or the equivalent of the employee working 40 hours per week for each week that the covered employee works the minimum number of hours on a City contract or City property, (3) participate in a Health Benefit Program developed by the Director of Public Health and approved by the Health Commission (See Comment No. 6).

Under the proposed ordinance, for employees who do not live or provide services in San Francisco, or at the San



Francisco Airport or San Bruno Jail, the specified employers (i.e., contractors, subcontractors, tenants, subtenants, etc.) would have the following two options for providing the required health care benefits: (1) offer covered employees health plan benefits that meet the minimum standards prepared by the Director of Public Health and approved by the Health Commission (See Comment No. 5), or (2) pay \$1.50 per hour to the covered employee for each hour the covered employee works on the subject contract or subcontract or property covered by a lease, with such payment not to exceed \$60 per week, or the equivalent of the employee working 40 hours per week, for each week that the covered employee works the minimum number of hours on a City contract or City property. This provision is intended to enable the employee to obtain their own health insurance coverage.

In terms of administering and enforcing the subject ordinance, the Director of Purchasing, in consultation with the Department of Public Health, would be responsible for promulgating such regulations, after holding a public hearing on the matter. In addition, the Director of Purchasing, in consultation with the City Attorney, would develop the specified contractual provisions that need to be used by each City department for inclusion in their contracts and leases. The Director of Purchasing may audit contractors and investigate complaints of noncompliance. If the Director of Purchasing determines that a contractor has violated Chapter 12Q, the Director may: (1) charge the offending employer the amounts that should have been paid to the City, including interest, (2) assess liquidated damages of \$50 per day for each covered employee each day that the offending employer failed to pay the City the required amounts, (3) set off the amount that the offending employer owes to the City against the amounts due to the contracting party, (4) terminate the contract or lease in whole or in part, or (5) bar the offending employer from entering into future contracts or leases with the City for three years.

In addition to the exemptions discussed above, the Director of Purchasing, in consultation with the Department of Public Health, may waive the requirements of the proposed Chapter 12Q for the following reasons: (1) there is only one

prospective contractor or tenant, or for sole source contracts, (2) emergency situations, (3) there are no qualified responsive bidders for a service, lease or project that is essential to the City, (4) there would be an adverse impact on services or an unreasonable adverse financial impact on the City. Such waivers would only be effective for the duration of that contract or lease period. Under specified conditions, the General Manager of the Public Utilities Commission could also waive the requirements of the subject Chapter 12Q for certain contracts for the provision, conveyance or transmission of wholesale or bulk water, electricity or natural gas and other ancillary requirements, provided that the purchase of such services cannot be accomplished through the City's standard competitive bidding procedures and the contractor or subcontractor is not providing direct, retail services to end users within the City.

Under the proposed ordinance, each contractor would be responsible for its subcontractors and each tenant would be responsible for each subtenant, contractor and subcontractor performing services on property covered by the tenant's lease, with respect to compliance with this ordinance.

The Director of Purchasing and the Department of Public Health would be required, under the proposed ordinance, to provide an annual joint report to the Board of Supervisors on the City's compliance with this Chapter, including cumulative information on the number of waivers granted.

Comments:

1. The proposed ordinance states that employers should be primarily responsible for offering health care benefits to their employees to enhance the quality of services provided. The proposed ordinance would require that specified City contractors, subcontractors, tenants and subtenants on City property provide health benefits directly or pay for such benefits for their covered employees. The proposed ordinance also states that the City has a significant interest in reducing the costs it incurs in providing medical care to uninsured individuals at San Francisco General Hospital and other City health care facilities. Although the DPH cannot separate the costs of providing care for uninsured individuals from indigent individuals, currently,



according to Ms. Monique Zmuda of DPH, the City provides health care directly to both uninsured and indigent individuals through San Francisco General Hospital and other City Department of Public Health clinics at an estimated cost of approximately \$180 million annually. Ms. Taylor Emerson of the Mayor's Office advises that based on the most recent survey that was conducted three years ago for the Mayor's Blue Ribbon Committee on Universal Health Care, there are approximately 130,000 uninsured individuals in San Francisco.

As shown in Attachment I provided by Ms. Emerson, an estimated 16,050 of uninsured workers would benefit from the proposed ordinance. This includes 1,900 for profit contractors, 2,650 non-profit contractors, 5,750 Airport tenants and 5,750 tenants on other City property (Port, PUC, etc.)

2. In accordance with the proposed ordinance, the \$1.50 per hour payment to the covered employee, not to exceed \$60 per week, represents the City's current estimate of the average cost to obtain individual health insurance benefits. The \$1.50 per hour payment to the City, not to exceed \$60 per week, is intended to partially offset the City's cost to provide health care to uninsured workers. The proposed ordinance also states that the Health Commission may increase this \$1.50 hourly rate and \$60 per week maximum, in accordance with the U.S. Department of Labor's Bureau of Labor Statistics Consumer Price Index for Medical Care in the San Francisco Bay Area or such other factors the Health Commission finds appropriate in order to track the cost of obtaining individual health insurance, provided that the Health Commission shall take this action no more than once a year. The Budget Analyst notes that this provision, to increase the \$1.50 hourly rate and \$60 per week maximum amount would result in changes to the proposed ordinance, which should be subject to the Board of Supervisors approval. Therefore, the Budget Analyst recommends that the proposed ordinance be amended to reflect that such changes would be subject to approval by the Board of Supervisors.

3. As shown the Attachment II, provided by Ms. Emerson, the proposed ordinance is estimated to cost approximately \$3,995,084 in FY 2001-2002, including approximately \$1,318,460 from for profit contractors and subcontractors and \$2,676,625 from non-profit contractors and subcontractors. Such additional costs are a result of various City departments being required to pay more for contracts and subcontracts, since the contractors and subcontractors would pass through to the City the employers' additional costs of providing such health care benefits to their employees. Ms. Emerson advises that if the proposed ordinance is approved, the Mayor's Office would fund an additional \$4 million for General City Responsibilities to cover such additional expenditures Citywide.

It should be noted that there would be no increased costs to the City for those employees of leases or subleases since there is no pass-through mechanism under such leases or subleases. However, the Budget Analyst notes that requiring leases and subleases to provide health benefits to employees will likely result in increased costs for such employers, and may ultimately reduce the amount of revenues paid to the City, under such leases and subleases, particularly at the Port and Airport. Ms. Emerson advises that, as of the writing of this report, such potential revenue losses have not been estimated.

As shown in Attachment II, comparable costs of \$3,995,084 are estimated to be incurred in FY 2002-2003 and in FY 2003-2004 an estimated \$3,727,422 is estimated to be incurred. Ms. Emerson advises that a slightly lower cost is estimated in the third year, as it is assumed that approximately ten percent of the non-profit providers will begin absorbing the additional costs for health care and not pass through all such costs to the City. As shown in the Attachment, the estimated three-year additional cost to the City from the proposed legislation is approximately \$11,717,590.

In addition, Ms. Emerson advises that the proposed ordinance is estimated to generate approximately \$550,000 of new revenues during the first year for DPH from the \$1.50 per hour paid to the City for each hour that employees work on the subject City contract or subcontract

or property covered by a lease. The Budget Analyst notes that all such revenues would be subject to the Board of Supervisors appropriation approval. According to Ms. Emerson, the estimated additional \$550,000 of revenues would be deposited into a separate account and used to offset a portion of the required salary savings for primary care clinics in the Community Health Network, permitting the Department of Public Health to hire additional staff into currently budgeted positions, that would otherwise remain vacant. According to Ms. Emerson, revenue projections for the DPH after the first year cannot be determined at this time, since it will depend on how quickly the Health Benefits Program can be implemented, the number of employers that decide to provide their own health insurance coverage or enroll in the Health Benefits Program as well as the cost of that Program.

In terms of noncompliance with this legislation, the proposed ordinance provides that the City may (1) charge the offending employer the amounts that should have been paid to the City, including interest, (2) assess liquidated damages of \$50 per day for each covered employee each day that the offending employer failed to pay the City the required amounts, (3) set off the amount that the offending employer owes to the City against the amounts due to the contracting party, or (4) assess other nonmonetary provisions. Ms. Emerson advises that, as of the writing of this report, the Mayor's Office cannot estimate the amount of additional revenues that may be received from such remedies. The proposed ordinance states that any revenues received from violations of this Chapter would first be used to cover the costs of enforcement and thereafter appropriated for the use of the Department of Public Health. The Budget Analyst notes that all such revenues would be subject to the Board of Supervisors appropriation approval.

4. The proposed ordinance states that, if the City creates an Office of Contract Administration (OCA), the respective Director of the OCA would assume the administrative and enforcement responsibilities of the subject Health Care Accountability Ordinance. The Budget Analyst notes that a supplemental appropriation ordinance and salary ordinance (Files 01-0677 and 01-0678) are currently

pending before the Board of Supervisors to create and fund an Office of Contract Administration in the Department of Administrative Services. Based on the recommendations of the Finance Committee on May 9, 2001, the proposed new Office of Contract Administration would include seven new positions, including two Contract Compliance Officer II, three Contract Compliance Officer Is, one Management VIII and one Senior Clerk Typist, at an estimated maximum annual salary and fringe benefit cost of \$672,922 to administer the Minimum Compensation Ordinance, the subject Health Care Accountability Ordinance and the prevailing wage provisions of the Administrative Code. Based on the Budget Analyst's recent review of this supplemental appropriation request and accompanying Salary Ordinance, OCA does not have any information regarding the number of contractors and covered employees that would be subject to the proposed Health Care Accountability Ordinance. Therefore, the Budget Analyst advises that no additional positions should be funded for this new program until details of the expected workload and performance objectives for the Health Care Accountability Ordinance are developed.

5. Although the proposed ordinance requires that the Director of DPH prepare and the Health Commission approve minimum standards for a health plan, as of the writing of this report, such minimum standards have not yet been prepared. Under the proposed ordinance, if the Health Commission has not approved minimum standards for such health plan benefits by the effective date of this ordinance, the Director of Purchasing may suspend enforcement of this Chapter for a period of up to 30 days to provide sufficient time for the Health Commission to take such actions. According to Ms. Tangerine Brigham of DPH, such minimum standards are currently being developed based on reviews of the existing range of health benefits, not including dental or vision benefits, provided by such providers as Kaiser Permanente, HealthNet, Blue Cross/Blue Shield, etc. Ms. Brigham advises that such minimum standards are anticipated to be brought to the Health Commission for review and approval in June of 2001. The Budget Analyst notes that the proposed ordinance does not allow for subsequent review or changes to these minimum standards. Based on discussions with



Ms. Brigham regarding this issue, the Budget Analyst recommends that the proposed ordinance be amended to permit review and possible changes in the minimum standards every two years, to insure that such minimum standards are in compliance with State and Federal regulations, and existing health benefit practices.

6. The proposed ordinance also states that the Director of Public Health has 12 months from the time the proposed ordinance is finally approved to seek the Health Commission's approval of a Health Benefits Program. Ms. Brigham advises that a Health Benefits Program would enable those private and non-profit employers who have difficulty purchasing health insurance on the open market for their employees to participate in a pool with other employers in order to collectively purchase health insurance benefits for their employees. In developing this Program, the proposed ordinance states that the Director of Public Health shall (a) attempt to make health coverage available for uninsured covered employees and, if feasible, for other uninsured City residents, (b) use public health facilities to the maximum extent practicable, (c) make the program economically viable and (d) provide a mechanism for funding which relies, as much as possible, on contributions by participating employers and employees. Ms. Brigham advises that the proposed Health Benefits Program would have to be licensed by the State of California, and such licensing can take up to six months for approval. The costs to employers of the proposed Health Benefits Program will depend on how many employers require participation, the number of employees involved, the level of health benefits provided and various other factors such that the costs cannot be estimated at this time, according to Ms. Brigham.

7. Mr. Errol Fitzpatrick, the City's Risk Manager advises that the proposed ordinance provides sufficient risk management protections for the City.

8. The proposed ordinance's effective date is July 1, 2001 or 30 days after the proposed ordinance is adopted, whichever is later. Ms. Emerson advises that if the proposed ordinance is effective by at least July 1, 2001, all of the new or renewed contracts and leases, which take effect with the

new fiscal year on July 1, 2001, would be subject to the proposed ordinance. However, if the proposed ordinance does not become effective until after July 1, 2001, most City contracts and leases would not be subject to the proposed provisions until the following fiscal year, beginning on July 1, 2002.

9. The proposed ordinance would require private and non-profit contractors, subcontractors and lessors to provide or pay for health care benefits for their covered employees who work at least 20 hours per week, beginning on the effective date of the proposed ordinance. Effective July 1, 2002, or approximately one year later, the number of hours that an employee must work to be covered by the proposed ordinance would be reduced from 20 hours or more per week to 15 hours or more per week, a reduction of five hours or 25 percent. However, the Budget Analyst notes that, based on a recent review of various Memorandum of Understandings (MOUs) between the City and employee represented organizations, the City currently provides health care benefits to City workers who work a minimum of 1,040 hours per year, or the equivalent of at least 20 hours per week. Therefore, the Budget Analyst raises the equity issue that the proposed ordinance would require private and non-profit employers, as of July 1, 2002, to provide a higher level of health care benefits to their employees than the City currently provides to its own employees. If the proposed ordinance is approved with this provision, the Budget Analyst believes that City employee organizations will request comparable provisions in next year's negotiations. Ms. Emerson advises that such a change in City negotiated MOUs would result in an estimated additional cost of approximately \$3,171,060<sup>1</sup> annually for the City.

**Recommendations:** 1. Amend the proposed ordinance in Section 12Q.3 on page 12, to require that increases in the hourly rate and maximum pay per week would be subject to the Board of Supervisors approval, since the proposed ordinance permits the Health Commission to authorize increases to the

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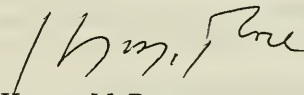
<sup>1</sup> Estimated additional costs of \$3,171,060 is based on 1,338 employees who currently work between 15 and 20 hours per week times \$2,370, which is the current annual cost per employee for City health benefits.



subject \$1.50 hourly rate and \$60 per week maximum amount, as discussed in Comment No. 2 above.

2. Amend the proposed ordinance in Section 12Q.10 on page 19, to enable a review of the minimum standards every two years, to insure that such standards stay current with State and Federal regulations and existing health benefits practices, as discussed in Comment No. 5 above.

3. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Gonzalez  
Supervisor Hall  
President Ammiano  
Clerk of the Board  
Controller  
Stephen Kawa

TOTAL P.02

**Healthcare Accountability Ordinance**

The Healthcare Accountability Ordinance will add a new condition to the City's lease agreements and contracts requiring that all employers on City-owned property or serving the city on service contracts either:

- provide health insurance to their employees
- pay the City \$1.50/hour to offset the costs of providing health care to the uninsured through the Department of Public Health
- participate in a newly created City health benefits program

The Ordinance directs the Department of Public Health to establish a new health benefits program within one year that will make insurance available for both workers covered under this ordinance and other uninsured City residents.

**Estimated Number of Uninsured Workers to Benefit: 16,050**

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|   |       |
|---|-------|
| Airport Tenants                                 | 5,750 |
| Tenants of other City property (Port, PUC, etc) | 5,750 |
| For Profit Service Contractors                  | 1,900 |
| Non Profit Service Contractors                  | 2,650 |

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**Estimated Number of Uninsured Workers in SF: 130,000**

The Healthcare Accountability Ordinance will take effect over time as contracts and leases are newly agreed to or existing agreements are amended.

**Estimated Cost to the City: \$4 M annually for next three yrs  
or \$12 million total**

## Cost Estimate of Proposed Health Accountability Ordinance

Assumptions

Leaseholders cannot pass through costs  
 All service contract workers are covered  
 For Profit - phased in over three years  
 For Profit - 43% of FT workers uninsured  
 For Profit - 85% of PT workers uninsured  
 For Profit - 65% pass through in year one  
 Non Profit - phased in over two years  
 Non Profit - 43% of FT workers are uninsured  
 Non Profit - 67% of PT workers are uninsured  
 Non Profit - 100% pass through in year one  
 Non Profit - 90% pass through in second renewal  
 100% of PT workers will be covered at 20 hours  
 Pass through cost = \$1.50/hr  
 FT = 2080, PT = 1040

| Potepan data from 1999    | AVERAGE    |              | Total        | PASS<br>THROUGH<br>COST<br>TO<br>CITY |
|---------------------------|------------|--------------|--------------|---------------------------------------|
|                           | FT         | PT           |              |                                       |
| For Profit                | 2,762      | 1,841        | 4,603        |                                       |
| Non Profit                | <u>923</u> | <u>3,937</u> | <u>4,860</u> |                                       |
| Total Service Contractors | 3,685      | 5,778        | 9,463        |                                       |
|                           |            |              |              |                                       |
| FY 01-02                  | FT         | PT           | Total        |                                       |
| For Profit                | 1,222,815  | 805,585      | 2,028,400    | 1,318,460                             |
| Non Profit                | 619,148    | 2,057,476    | 2,676,625    | 2,676,625                             |
| Total Cost                | 1,841,963  | 2,863,061    | 4,705,024    | 3,995,084                             |
|                           |            |              |              |                                       |
| FY 02-03                  | FT         | PT           | Total        |                                       |
| For Profit                | 1,222,815  | 805,585      | 2,028,400    | 1,318,460                             |
| Non Profit                | 619,148    | 2,057,476    | 2,676,625    | 2,676,625                             |
| Total Cost                | 1,841,963  | 2,863,061    | 4,705,024    | 3,995,084                             |
|                           |            |              |              |                                       |
| FY 03-04                  | FT         | PT           | Total        |                                       |
| For Profit                | 1,222,815  | 805,585      | 2,028,400    | 1,318,460                             |
| Non Profit                | 619,148    | 2,057,476    | 2,676,625    | 2,408,962                             |
| Total Cost                | 1,841,963  | 2,863,061    | 4,705,024    | 3,727,422                             |
|                           |            |              |              |                                       |
| Grand Total Cost          |            |              |              | 11,717,590                            |





# City and County of San Francisco

## Meeting Minutes Finance Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

*Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez*

*Clerk: Gail Johnson*

Wednesday, May 23, 2001

10:00 AM

City Hall, Room 263

### Regular Meeting

**Members Present:** Mark Leno, Aaron Peskin, Matt Gonzalez.

### MEETING CONVENED

*The meeting convened at 10:12 a.m.*

#### **010829 [Reserved Funds, Aging and Adult Services]**

Hearing to consider release of reserved funds, Department of Aging and Adult Services (File 010370, Ordinance No. 60-01), in the amount of \$1,000,000 to fund infrastructure allocations. (Adult and Aging Services)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration at the May 16, 2001 meeting.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Clark, Deputy Director, Aging and Adult Services Department; Derrick Lam; Vera Hale, Commission on Aging, Finance Committee; Richard Ow, Asian American Elderly Society; Bernie Rush.*

*Release of reserved funds in the amount of \$985,000 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

#### **010409 [Equal Access to Services]**

**Supervisors Leno, Gonzalez, Sandoval, Yee, Ammiano, Peskin, Maxwell, Daly, McGoldrick**

Draft ordinance amending San Francisco Administrative Code by adding Chapter 89 to require City departments to offer bilingual services and materials if a substantial or concentrated portion of the public utilizing their services does not speak English effectively because it is not their primary language.

3/5/01, RECEIVED AND ASSIGNED to Rules Committee.

5/14/01, TRANSFERRED to Finance Committee.

*Heard in Committee. Speakers: Nathan Purkiss, Administrative Assistant to Supervisor Leno; Harvey Rose, Budget Analyst; Vik Maholtra, Policy Analyst, Chinese for Affirmative Action; Dan; Dang Pham, Executive Director, Immigrant Rights Commission; Nichole Truax, Human Rights Commission; Janelle Wong, Human Rights Commission; Female Speaker, Fair Housing Investigator, Human Rights Commission; Danya Fernandez, Employment Law Center; Mrs. Wong; Male Speaker; Richard Gale, SEIU Local 790; Diana Lau, Immigrant Rights Commission; Audrey Fong, Asian Women's Shelter; Lana Huong, Asian Women's Shelter; Victor Seto; Chris Bowman, Citizens Advisory Committee on Election; Rubin Garcia; Vera Hale, Immigrant Rights Commission; Erin McGrath, Mayor's Budget Office.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**



Ordinance amending San Francisco Administrative Code by adding Chapter 89, Sections 89.1 through 89.14, to require City departments to offer bilingual services and materials if a substantial or concentrated portion of the public utilizing their services does not speak English effectively because it is not their primary language.

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010681 [Lease, Beach Chalet]  
Supervisor Yee**

Resolution approving and authorizing the execution and delivery of a First Amendment to Lease for the Beach Chalet allowing for the construction of a deck at the rear of the building.

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Speakers: None.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010763 [Appropriation, Infrastructure Projects in Golden Gate Park]  
Supervisors Newsom, Sandoval**

Ordinance appropriating \$16,998,742 of the Golden Gate Park Bond Proceeds to fund the construction and renovation activities associated with the MLK Utilities Project, North and South Lake project and the Golden Gate Park East Entrance for the Department of Recreation and Park for fiscal year 2000-01. (Controller)

(Fiscal impact.)

4/25/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gary Lawyer, Recreation and Park Department; Edward Harrington, Controller.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010667 [Airport Lease Agreement Modification for United Airlines, Inc.]**

Resolution approving Lease Modification Number Fifteen for Lease No. 82-0126 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

4/11/01, RECEIVED AND ASSIGNED to Finance Committee.

5/2/01, CONTINUED. Heard in Committee. *Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport.*  
Continued to May 9, 2001.

5/9/01, CONTINUED. Heard in Committee. *Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport; Edward Harrington, Controller.*  
Continued to May 23, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Government Affairs Administrator, Airport; Theodore Lakey, Deputy City Attorney; John Bardis.*

*Amended on line 15, after "project," by adding "and deletion of approximately 462 square feet of the International Terminal as exclusive use space."*

**AMENDED.**

**REFERRED WITHOUT RECOMMENDATION by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010822 [Airport Lease Modification, Glide Slope Equipment]**

Resolution approving a lease modification for updated glide slope equipment between the Federal Aviation Administration and the City and County of San Francisco, acting through its Airport Commission. (Airport Commission)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010699 [Treasure Island Fire Training Sublease]**

**Supervisor Daly**

Resolution approving a sublease between the City and County of San Francisco (The "City") and the Treasure Island Development Authority (The "Authority") for property on Treasure Island generally bounded by 8th Street to the south, 10th Street to the north, M Street to the west, and N Street to the east for use as a fire training facility at an annual rent of \$1,740,000 per year.

(Fiscal impact; District 6.)

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

*Continued to 5/30/01.*

**CONTINUED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010549 [Appropriation, funding for uniform firefighters and investigators overtime]**

Ordinance appropriating \$2,160,476 from the General Fund Reserve and various departmental revenues to fund the cost of uniform firefighters and investigators overtime in the Fire Department for fiscal year 2000-01. (Controller)

(Fiscal impact.)

3/28/01, RECEIVED AND ASSIGNED to Finance Committee.

5/16/01, AMENDED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Chief Tobacco, Fire Department; Jim Corrigan; Edward Harrington, Controller.

Amended on page 1 as follows: On lines 2 and 25, by replacing "\$2,991,267" with "\$2,160,476"; on line 11, by replacing "\$1,626,267" with "\$795,476"; and on line 22, by replacing "\$2,486,267" with "\$1,655,476."

Continued to 5/23/01.

5/16/01, CONTINUED AS AMENDED.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jim Corrigan; Edward Harrington, Controller. Continued to 5/30/01.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance appropriating \$2,160,476 from the Airport and various departmental revenues as well as reallocating \$1,200,000 in Police department appropriations to the Fire department to fund the cost of uniform firefighters and investigators salaries and overtime in the Fire Department for fiscal year 2000-01. (Controller)

(Fiscal impact.)

**CONTINUED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010825 [Reserved Funds, Police Department]**

Hearing to consider release of reserved funds, Police Department (fiscal year 2000-01 budget), in the amount of \$1,700,195 to cover recruitment and hiring expenditures. (Police Department)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee. See File 010200.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Captain John Goldberg, Police Department; Police Division; Edward Harrington, Controller.*

*Release of reserved funds in the amount of \$1,055,173 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010759 [Reserved Funds, Department of Human Services]**

Hearing to consider release of reserved funds, Department of Human Services (fiscal year 2000-01 budget "Relocation and Expansion Leases"), in the amount of \$811,317 to fund the Department's rental expenditure. (Human Services Department)

4/27/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Sally Kipper, Department of Human Services.*

*Release of reserved funds in the amount of \$807,474 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010731 [Reserved Funds, Administrative Services Department]**

Hearing to consider release of reserved funds, City Administrator, (Convention Facilities Fund, Ordinance No. 97-95), in the amount of \$610,100 for the replacement of security room Audio Visual control equipment at the Moscone Center. (Administrative Services Department)

4/20/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

*Release of reserved funds in the amount of \$610,100 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010815 [Lease of Property]**

Resolution approving a new lease of real property located at 1667 Market Street on behalf of Administrative Services, for the Department of Elections. (Real Estate Department)

(Fiscal impact; District 6)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

5/7/01, SUBSTITUTED. Real Estate Department submitted a substitute resolution bearing new title.

5/7/01, ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Department of Administrative Services; Bill Lee, City Administrator; Mary Hobson, Office of City Architect; Chris Bowman, Citizens Advisory Committee on Elections.*

*Continued to 5/30/01.*

**CONTINUED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010816 [Lease of Property]**

Resolution authorizing the lease of 4,945 sq.ft. at 1500 Howard Street for the Department of Public Health. (Real Estate Department)

(District 6)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnetto, Real Estate Division, Department of Administrative Services; Judy Shotzman, Department of Public Health.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010819 [Contracting out Pretrial Court Diversion Services]**

Resolution approving the Controller's certification that Pretrial Court Diversion Services for Inmates in the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 2001, than if work were performed by City and County employees. (Sheriff)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010820 [Contracting out Arrestees' Own Recognizance Services]**

Resolution approving the Controller's certification that own recognizance services for arrestees in the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 2001, than if work were performed by City and County employees. (Sheriff)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010821 [Contracting out Jail Food Services]**

Resolution approving the Controller's certification that County Jail food service management operations for the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 2001, than if work were performed by City and County employees. (Sheriff)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010824 [Reserved Funds, Port]**

Hearing to consider release of reserved funds, Port (File 101-96-83, Ordinance No. 252-97), in the amount of \$472,390 to fund the Port Facilities Maintenance Management System. (Port)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Stephanie Downs, Finance Manager, Port. Release of reserved funds in the amount of \$472,390 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010827 [Port Lease Agreement]**

Resolution approving a lease agreement with Corzac, Inc. d.b.a. Jelly's - A Dance Cafe and the City and County of San Francisco operating by and through the San Francisco Port Commission for restaurant space at Pier 50, San Francisco, California. (Port)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Mark Lozovoy, Port.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010830 [Reserved Funds, Port]**

Hearing to consider release of reserved funds, Port (File 101-96-83, Ordinance No. 252-97), in the total amount of \$926,380 to fund the Pier 34 Demolition Project and construction management. (Port)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

5/11/01, SUBSTITUTED. Port submitted an amendment to the previous request, adding the amount of \$60,000 to fund the cost of construction management.

5/11/01, ASSIGNED to Finance Committee.

*Heard in Committee. Speaker: Harvey Rose, Budget Analyst.*

*Release of reserved funds in the amount of \$926,380 approved.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**ADJOURNMENT**

*The meeting adjourned at 1:55 p.m.*



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3/01

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 17, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: May 23, 2001 Finance Committee Meeting

Item 1 - File 01-0829

Department: Aging and Adult Services

Item: Hearing to consider release of reserved funds for the Department of Aging and Adult Services, in the amount of \$1,000,000 to fund the infrastructure needs of non-profit organizations that serve senior citizens.

Amount: \$1,000,000

Source of Funds: General Fund Reserve and Surplus FY 2000-01 Parking Tax<sup>1</sup> Revenue for Senior Programs, previously appropriated and placed on reserve by the Board of Supervisors.

Description: In April of 2001, the Board of Supervisors appropriated and placed on reserve a total of \$2,000,000, including the subject \$1,000,000 for infrastructure needs of service providers and an additional \$1,000,000 to fund identified

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<sup>1</sup> Under Article 9, Section 615 of the Administrative Code, one third of all Parking Tax collections, excluding the funds allocated to the Municipal Railway, is dedicated to Senior Citizen's Programs. The Controller's Six Month Budget Status Report, issued on February 7, 2001 projected increased Parking Tax collections of approximately \$1.7 million during FY 2000-2001. Therefore, the Controller certified the availability of \$561,000 for Senior Citizen's Programs.



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

senior needs, discussed in Comment No. 1 below. This \$2,000,000 supplemental appropriation was funded by:

|                                |                |
|--------------------------------|----------------|
| General Fund Reserve           | \$1,439,000    |
| Surplus FY 2000-01 Parking Tax |                |
| Revenue for Senior Programs    | <u>561,000</u> |
| Total                          | \$2,000,000    |

The Board of Supervisors placed the \$1,000,000 for infrastructure needs on reserve pending completion of a Request for Proposals (RFP) process, selection of non-profit organizations to receive funding, and submission of budget details to the Finance Committee.

According to Mr. John Clark, Deputy Executive Director of the Department of Aging and Adult Services, an RFP process was completed in April of 2001 for this first \$1,000,000 in senior infrastructure needs. Mr. Clark advises that the Department of Aging and Adult Services plans to fund non-profit service providers for the following six categories of infrastructure needs:

1. Program expense increases (e.g., fuel, supplies, printing, raw materials, etc.);
2. Rent/utility cost increases;
3. Technology replacement/upgrades (e.g., Personal Computers);
4. Capital Expenditures (e.g., building modifications, equipment, etc.);
5. Personnel-related costs: "wage-push" adjustments due to the Minimum Compensation Ordinance, salary enhancements;
6. Training Costs for service provider staff.

Attachment I, provided Department of Aging and Adult Services, describes the RFP process and how funding levels were determined for each non-profit organization. Mr. Clark advises that the RFP for this first \$1,000,000 was open only to the Department of Aging and Adult Services' existing non-profit contract service providers. As

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

discussed under Comment No. 1 below, an additional \$1,000,000 in funds will be available for allocation to a wider range of organizations.

**Budget:**

Attachment II, provided by Department of Aging and Adult Services, contains a summary budget of the proposed \$1,000,000 in funds to be allocated to the 38 non-profit organizations:

**Comments:**

1. Mr. Clark advises that the Department of Aging and Adult Services plans to request from the Finance Committee the release of the additional reserved \$1,000,000 for identified senior needs in July of 2001. According to Mr. Clark, this \$1,000,000 will be used to direct services for non-profit, community based service providers based on a Request-for-Proposal (RFP) competitive process with special emphasis on joint collaborations between agencies, specific performance measures, and proposals serving groups with multiple needs. Mr. Clark advises that all eligible organizations, and not just existing nonprofit agency contractors, will be able to respond to the RFP for the \$1,000,000 in additional funds.

2. As stated in Attachment I, funding to non-profit organizations for the three categories of: (a) Program Expenses, (b) Personnel Expenses, and, (c) Rent/Utility Expenses, which are considered on-going costs, the RFP instructions contained "stern and explicit warnings that the City will in no way be responsible for continuing this funding beyond this one grant, and that proposals must specifically address how the contractor will provide for this need in future years." Staff from the Department of Aging and Adult Services have reviewed the proposals and believe each of the 38 organizations to be funded has demonstrated its ability to continue funding its needs in future years, as stated in Attachment I.

3. Attachment III, provided by Department of Aging and Adult Services, contains an estimated breakdown of funding by Supervisorial District. As stated in Attachment I, "In some cases, it is easy to allocate a funding amount to a particular [Supervisorial] district (e.g. all funding to Mission Neighborhood Centers is

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Associated with District 9). In other cases, like home-delivered meals, it is much more difficult. The amounts in this table [Attachment III] were derived from [Department of Aging and Adult Services] data, information supplied by the providers, and estimates made by staff. They should be considered rough estimates."

**Recommendation:** Approve the proposed release of reserved funds.

City and County of San Francisco

DEPARTMENT OF AGING AND ADULT SERVICES



Commission on the Aging  
Mental Health Conservator  
Public Administrator-Public Guardian

Mayor Willie L. Brown, Jr.  
Dr. Sandra Y. Nathan, Executive Director

JOHN D.R. CLARK  
Deputy Executive Director  
Direct Dial: (415) 503-2123  
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MEMORANDUM

TO: KEN BRUCE, Chief Deputy Budget Analyst

FROM: JOHN CLARK, Deputy Executive Director

DATE: MAY 15, 2001

RE: FILE 01-0370 (Supervisor Daly) - RELEASE OF RESERVED FUNDS

Supervisor Daly's Supplemental Appropriation was passed with the proviso that the funds be placed on Finance Committee Reserve pending the receipt of formal proposals by our department. You are in possession of all proposals received for the first \$1,000,000 (the "infrastructure" portion of the supplemental), so this memo outlines the process we conducted to solicit these proposals.

Based on direction given to us by Supervisor Daly and members of the Finance Committee, we proceeded on the assumption that the "infrastructure" portion of the supplemental (the first \$1,000,000) would be open only to current contractors of the Department of Aging and Adult Services (DAAS), while the "ongoing unmet needs" portion of the supplemental (the second \$1,000,000) would be open to any qualified agency or groups of agencies regardless of current status. This distinction was made because the "infrastructure" portion was always intended to help current (and longtime) contracting agencies better meet their internal needs.

Process

The department solicited input from the Commission on the Aging members at their March 27, 2001 Finance Subcommittee meeting, then again at the full Commission meeting on April 4, 2001. Based on the input received, we conducted a meeting for contractors on April 9, 2001 (see attached), where suggestions were again solicited.

Based on this feedback, we decided that given the wide variance in contract amounts, it made sense to divvy up the available funding into bands - e.g., a contractor with a contract amount of \$750,000 to \$999,999 would be eligible to compete for a grant up to \$50,000. There was also the unanimously stated desire of both policy makers and contractors to have a fast process, given that the "infrastructure" funding was designed to meet critical and immediate needs. Accordingly, see the April 10, 2001 memo from us to contractors outlining our RFP process. Proposals were due in to the department on April 20, 2001.

Results

The Office on the Aging has 45 contractors. Of those 45, two are other City departments (DPH and MOH) and thought by us to be ineligible, as these funds were targeted to the infrastructure

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needs of non-profit provider agencies. Additionally, three other agencies hold limited contracts as a result of Board add-backs in last year's budget process, and were determined to not meet the definition of ongoing service providers. Lastly, two agencies chose not to compete. This means that 38 total proposals were received.

Unlike the upcoming RFP process for the "ongoing unmet needs" \$1,000,000, the proposals solicited for the "infrastructure" \$1,000,000 were not so much a competition as they were a justification. Each of the 38 contractors were eligible to apply for a discrete amount, and assuming that their proposals fit into one of the permissible categories and was adequately justified, each would receive our recommendation for that funding amount.

You will note that our RFP instructions included a provision for an "additional service request." Since we had several agencies choosing not to participate and several others submitting proposals for less than their allowable maximum, we had a little over \$30,000 left over. So as part of the process, we allowed proposers to include supplemental requests in the event that funds were left over. Of these requests, staff recommends funding four for a total of \$30,445.

In addition to the memoranda and RFP instructions referred to above, you will also find attached three tables. The first table shows the list of contractors, the amount they were eligible to compete for, and the amount staff recommends to fund. The second table shows the grant amounts in the six permissible funding categories: technology, capital, program, personnel, rent/utilities, and training. The third table shows an approximate breakdown in funding by Supervisorial District. In some cases, it is easy to allocate a funding amount to a particular district (e.g., all funding to Mission Neighborhood Centers is associated with District 9), in other cases, like home-delivered meals, it is much more difficult. The amounts in this table were derived from our data, information supplied by the providers, and estimates made by staff. They should be considered rough estimates.

#### Justification for Program, Personnel, Rent/Utility Expenditures

Note that the supplemental authorized expenditures in the areas of program, personnel, and rent/utilities – normally these are ongoing, rather than one-time expenses. Accordingly, the RFP instructions as well as our memoranda to contractors contain stern and explicit warnings that the City will in no way be responsible for continuing this funding beyond this one grant, and that proposals must specifically address how the contractor will provide for this need in future years.

Of the 38 proposals, 19 propose to use their infrastructure grant all or part for one or more of these three categories. In most cases, agencies plan to use this one-time only funding within the three categories to address unique needs, such a temporary personnel to complete a project, paying a balloon payment related to a mortgage (under the "rent" heading), and filling a funding gap in a program due to receive additional funding next year. For the most part, the agencies choosing to spend in these three categories are larger organizations that have more non-City resources to fall back on, and greater private fund-raising capacity. Staff has reviewed these proposals and believe their justifications to be adequate.

#### Contact Information

Please feel free to contact me at 503-2123, or alternatively, Darrick Lam, Director, or David Newcomer, Program Manager, Office on the Aging at 864-6051.



Infrastructure Funding Categories

| (A) |  | A              | B              | C              | D              | E              | F             | G                |
|-----|--|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
|     | Contractor                                       | Technology     | Capital        | Program        | Personnel      | Rent/Utilities | Training      | TOTAL            |
| 1   | Asian American Elderly Humanitarian Society      |                |                |                |                |                |               | n/a              |
| 2   | Asian Law Caucus                                 | 15,000         |                |                |                |                |               | 15,000           |
| 3   | Bayview Hunters-Point Multipurpose-Senior Center |                | 15,000         |                |                |                |               | 15,000           |
| 4   | Bernal Heights Neighborhood Center               | 6,000          |                | 1,000          | 8,000          |                |               | 15,000           |
| 5   | Catholic Charities                               | 7,640          | 17,295         |                |                |                | 3,000         | 27,935           |
| 6   | Centro Latino de San Francisco                   |                | 9,183          | 6,257          |                | 10,960         | 3,600         | 30,000           |
| 7   | Chinese Newcomer                                 |                |                |                |                |                |               | n/a              |
| 8   | Episcopal Community Services                     | 6,300          | 8,700          |                |                |                |               | 15,000           |
| 9   | Family Caregivers Alliance                       |                |                |                |                |                |               | no request       |
| 10  | Family Service Agency                            | 15,000         | 25,000         |                |                |                |               | 40,000           |
| 11  | Filipino American Council of San Francisco       |                | 15,000         |                |                |                |               | 15,000           |
| 12  | Golden Gate Senior Services                      |                | 20,550         |                | 3,450          |                |               | 24,000           |
| 13  | Goldman Institute on Aging                       | 20,000         | 10,000         |                |                |                |               | 30,000           |
| 14  | In Home Supportive Services Consortium           | 4,000          |                |                |                |                |               | 4,000            |
| 15  | International Institute of San Francisco         | 4,000          |                |                |                |                |               | 4,000            |
| 16  | Jewish Community Center of San Francisco         | n/a            |                |                |                |                |               | n/a              |
| 17  | Jewish Family and Children's Services            |                | 20,000         |                | 8,000          |                |               | 28,000           |
| 18  | John W. King Senior Center                       |                | 8,000          |                |                |                |               | 8,000            |
| 19  | Kimochi Inc                                      |                | 35,000         |                |                |                | 5,000         | 40,000           |
| 20  | Korean Center Inc                                | 15,000         | 3,000          |                |                |                |               | 18,000           |
| 21  | La Raza Centro Legal                             | 10,500         | 500            |                |                | 2,000          |               | 13,000           |
| 22  | Laguna Honda Hospital (Work Order)               | n/a            |                |                |                |                |               | n/a              |
| 23  | Legal Assistance to the Elderly                  | 4,761          |                | 4,766          |                | 30,473         |               | 40,000           |
| 24  | Mayor's Office On Housing (Work Order)           |                |                |                |                |                |               | n/a              |
| 25  | Meals on Wheels of San Francisco, Inc            |                |                |                | 105,000        |                |               | 105,000          |
| 26  | Mission Neighborhood Centers                     | 2,000          | 11,000         |                |                |                | 2,000         | 15,000           |
| 27  | Network for Elders                               | 500            |                |                |                | 19,400         |               | 20,000           |
| 28  | New Leaf Services for Our Community              | 5,100          |                |                | 9,900          |                |               | 15,000           |
| 29  | Nihomachi Legal Outreach                         | 2,600          | 2,100          |                | 3,100          |                | 200           | 8,000            |
| 30  | North of Market Senior Services                  |                | 30,000         |                |                |                |               | 30,000           |
| 31  | On Lok Day Services                              |                |                | 30,000         | 15,000         | 30,000         |               | 75,000           |
| 32  | Planning For Elders in the Central City          |                | 2,200          | 4,000          |                | 1,800          |               | 8,000            |
| 33  | Project Open Hand                                |                |                | 17,876         | 17,124         | 15,000         |               | 50,000           |
| 34  | Public Transportation Commission (4,820 trips)   |                |                | 40,000         |                |                |               | 40,000           |
| 35  | Reality House West                               |                | 4,000          |                |                |                |               | 4,000            |
| 36  | Russian American Community Services              |                | 7,000          | 4,000          | 6,720          | 280            | 2,000         | 20,000           |
| 37  | San Francisco Adult Day Health Network           | 5,420          |                |                |                |                | 200           | 5,620            |
| 38  | San Francisco Food Bank                          |                | 4,000          |                |                |                |               | 4,000            |
| 39  | San Francisco Senior Center (Downtown)           | 12,571         | 649            |                |                | 580            | 1,200         | 15,000           |
| 40  | Self-Help for the Elderly                        | 40,000         | 60,000         |                |                |                | 17,000        | 117,000          |
| 41  | Senior Action Network - Housing & Empowerment    | 4,900          | 1,750          |                | 3,445          |                | 1,350         | 11,445           |
| 42  | Southeast Asian Community Center                 |                |                |                |                |                |               | n/a              |
| 43  | Visitation Valley Community Center               |                | 20,000         |                |                |                |               | 20,000           |
| 44  | Western Addition Senior Citizen's Center         | 2,000          | 35,390         |                |                |                | 2,610         | 40,000           |
| 45  | YMCA of San Francisco                            |                | 15,000         |                |                |                |               | 15,000           |
|     | <b>TOTAL</b>                                     | <b>183,392</b> | <b>380,317</b> | <b>107,899</b> | <b>179,739</b> | <b>110,493</b> | <b>38,160</b> | <b>1,000,000</b> |
|     | Percentage                                       | 18.34%         | 38.03%         | 10.79%         | 17.97%         | 11.05%         | 3.82%         | 100.00%          |



## One-Time-Only Infrastructure Allocations

| (A)  | (B)                              | (C)                                   | (D)               |
|--|----------------------------------|---------------------------------------|-------------------|
| Contractor   | Baseline<br>BUDGET<br>FY 2000-01 | \$1,000,000<br>Proposed<br>Allocation | Actual<br>Request |
| 1 Asian American Elderly Humanitarian Society      | 0                                | 0                                     | n/a               |
| 2 Asian Law Caucus                                 | 141,741                          | 15,000                                | 15,000            |
| 3 Bayview Hunters-Point Multipurpose Senior Center | 174,568                          | 15,000                                | 15,000            |
| 4 Bernal Heights Neighborhood Center               | 128,030                          | 15,000                                | 15,000            |
| 5 Catholic Charities                               | 430,273                          | 30,000                                | 27,935            |
| 6 Centro Latino de San Francisco                   | 352,665                          | 30,000                                | 30,000            |
| 7 Chinese Newcomer                                 | 0                                | 0                                     | n/a               |
| 8 Episcopal Community Services                     | 119,758                          | 15,000                                | 15,000            |
| 9 Family Caregivers Alliance                       | 8,655                            | 4,000                                 | no request        |
| 10 Family Service Agency                           | 529,700                          | 40,000                                | 40,000            |
| 11 Filipino American Council of San Francisco      | 140,605                          | 15,000                                | 15,000            |
| 12 Golden Gate Senior Services                     | 211,726                          | 20,000                                | 20,000            |
| 13 Goldman Institute on Aging                      | 454,180                          | 30,000                                | 30,000            |
| 14 In Home Supportive Services Consortium          | 40,709                           | 4,000                                 | 4,000             |
| 15 International Institute of San Francisco        | 45,150                           | 4,000                                 | 4,000             |
| 16 Jewish Community Center of San Francisco        | 427,211                          | 0                                     | 0                 |
| 17 Jewish Family and Children's Services           | 58,064                           | 8,000                                 | 8,000             |
| 18 John W. King Senior Center                      | 56,273                           | 8,000                                 | 8,000             |
| 19 Kimochi Inc                                     | 722,868                          | 40,000                                | 40,000            |
| 20 Korean Center Inc                               | 109,504                          | 15,000                                | 15,000            |
| 21 La Raza Centro Legal                            | 166,743                          | 15,000                                | 13,000            |
| 22 Laguna Honda Hospital (Work Order)              | 0                                | 0                                     | n/a               |
| 23 Legal Assistance to the Elderly                 | 557,606                          | 40,000                                | 40,000            |
| 24 Mayor's Office On Housing (Work Order)          | 0                                | 0                                     | n/a               |
| 25 Meals on Wheels of San Francisco, Inc           | 1,877,485                        | 105,000                               | 105,000           |
| 26 Mission Neighborhood Centers                    | 165,404                          | 15,000                                | 15,000            |
| 27 Network for Elders                              | 225,063                          | 20,000                                | 20,000            |
| 28 New Leaf Services for Our Community             | 124,626                          | 15,000                                | 15,000            |
| 29 Nihomachi Legal Outreach                        | 74,869                           | 8,000                                 | 8,000             |
| 30 North of Market Senior Services                 | 486,495                          | 30,000                                | 30,000            |
| 31 On Lok Day Services                             | 1,093,170                        | 75,000                                | 75,000            |
| 32 Planning For Elders in the Central City         | 53,494                           | 8,000                                 | 8,000             |
| 33 Project Open Hand                               | 956,937                          | 50,000                                | 50,000            |
| 34 Public Transportation Commission (Work Order)   | 682,819                          | 40,000                                | 40,000            |
| 35 Reality House West                              | 41,489                           | 4,000                                 | 4,000             |
| 36 Russian American Community Services             | 234,763                          | 20,000                                | 20,000            |
| 37 San Francisco Adult Day Health Network          | 86,274                           | 8,000                                 | 5,620             |
| 38 San Francisco Food Bank                         | 25,109                           | 4,000                                 | 4,000             |
| 39 San Francisco Senior Center (Downtown)          | 149,003                          | 15,000                                | 15,000            |
| 40 Self-Help for the Elderly                       | 2,133,647                        | 117,000                               | 117,000           |
| 41 Senior Action Network - Housing & Empowerment   | 81,263                           | 8,000                                 | 8,000             |
| 42 Southeast Asian Community Center                | 0                                | 0                                     | n/a               |
| 43 Visitacion Valley Community Center              | 231,168                          | 20,000                                | 20,000            |
| 44 Western Addition Senior Citizen's Center        | 641,296                          | 40,000                                | 40,000            |
| 45 YMCA of San Francisco                           | 129,151                          | 15,000                                | 15,000            |
| • Jewish Family and Children's Services, nutrition |                                  | 20,000                                | 20,000            |
| • Golden Gate Senior Services                      |                                  |                                       | 4,000             |
| • Korean Center Inc                                |                                  |                                       | 3,000             |
| • Senior Action Network - Housing & Empowerment    |                                  |                                       | 3,445             |
| Direct Service Contracts                           | 14,339,574                       | 1,000,000                             | 1,000,000         |

• denotes additional requests

**Commission on the Aging  
FY 2001-02 Infrastructure Funding  
by Eleven Supervisorial Districts**

| Supervisorial District | # Agencies | Infrastructure Funds |
|------------------------|------------|----------------------|
| 1                      | 7          | \$ 124,650           |
| 2                      | 5          | \$ 51,437            |
| 3                      | 5          | \$ 36,652            |
| 4                      | 4          | \$ 117,750           |
| 5                      | 4          | \$ 28,975            |
| 6                      | 18         | \$ 138,248           |
| 7                      | 5          | \$ 83,902            |
| 8                      | 3          | \$ 69,550            |
| 9                      | 6          | \$ 51,547            |
| 10                     | 10         | \$ 222,028           |
| 11                     | 5          | \$ 75,261            |
| total                  |            | \$ 1,000,000         |

Source: Department of Aging and Adult Services



Item 2 - File 01-0409

**Note:** This item was transferred from the Rules Committee at its meeting of May 17, 2001.

**Item:** Ordinance amending the San Francisco Administrative Code by adding Chapter 89 to require City Departments to offer bilingual services and materials if a substantial or concentrated portion of the public utilizing their services does not speak English effectively because it is not their primary language.

**Description:** The proposed ordinance would amend the San Francisco Administrative Code to require City Departments to provide bilingual services and materials to the non-English speaking public. Under the proposed ordinance, City Departments would be required to provide services in non-English languages when (a) 10,000 City residents, (b) 5 percent or more of the clients served by the Department, or (c) 5 percent of the residents of the Supervisorial District in which the Departments' offices are located are limited English-speaking and share a common language.

The proposed ordinance would require City Departments to:

- Provide written materials in languages spoken by a substantial or concentrated portion of the population utilizing the Department's services, as described below;
- Employ sufficient numbers of bilingual staff in positions working with the public; and
- Establish a complaint procedure for limited English-speaking individuals who are denied government services to language or have other complaints about the Department.

Under the proposed ordinance, the Planning Department would be required to determine annually whether the population in a City Supervisorial District in which a City Department is located is limited English-speaking or whether the population receiving services from the City Department is limited English-speaking. The Planning

Department would determine if the limited English-speaking population met one of two criteria, as follows:

- "Concentrated number of limited English-speaking persons" means that either 5 percent of the population residing in the City Supervisorial District in which a City Department is located speak a shared language other than English or 5 percent of the population receiving a City Department's services speak a specific language other than English.
- "Substantial number of limited English-speaking persons" means that either 10,000 City residents or 5 percent of those receiving a City Department's services speak a shared language other than English.

Under the proposed ordinance, the Planning Department would make its determination of the number of limited English-speaking individuals residing in a City District or receiving services from a City Department by using United States Census data. The Planning Department would report to the Immigrant Rights Commission (IRC)<sup>1</sup>, which is part of the Department of Administrative Services (DAS), on the number of limited English-speaking individuals in the City by December 1 of each year under the proposed ordinance.

As noted above, City Departments would be required to provide written materials in languages spoken by a substantial or concentrated portion of the population utilizing the Department's services. Specific City Departments, called "Tier 1" Departments would be required to translate vital documents, such as forms, applications, and materials that affect an individual's rights into the languages spoken by a "substantial number" of limited English-speaking clients, including:

- (a) applications or forms to participate in the Department's programs or activities or to receive services,

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<sup>1</sup> The Immigrant Rights Commission was established in 1997 as an advisory commission on immigrant policy to the Board of Supervisors and the Mayor. The Commission has 15 members, of whom 11 are appointed by the Board of Supervisors and 4 are appointed by the Mayor. The Immigrant Rights Commission is under the Department of Administrative Services and is staffed by an Executive Director and 0.33 FTE Special Assistant 1365.



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May 23, 2001 Finance Committee Meeting

- (b) written notices regarding the clients' rights regarding the Department's decisions, including eligibility for services, denial or loss of services, and the right to appeal,
- (c) written exams to determine the level of competency in a skill or eligibility for a license, not requiring English language proficiency,
- (d) written notices regarding provision of language services to individuals with limited English language proficiency,
- (e) written materials describing the Department's programs or services,
- (f) complaint forms, and
- (g) any other applicable documents.

Tier 1 Departments are: Adult Probation, Department of Consumer Assurance, Department of Elections, Department of Human Services, Department of Parking and Traffic, Department of Public Health, Department of Public Transportation, District Attorney, Emergency Communications Department, Fire Department, Juvenile Probation Department, Police Department, Public Defender, Department of Aging and Adult Services, Rent Stabilization and Arbitration Board, and Sheriff's Department.

All other City Departments, called Tier 2 Departments, providing services to a "substantial number" of limited English-speaking clients would be required to translate into the language(s) spoken by their clients all publicly-posted documents providing information (a) regarding the Department's service or programs or (b) affecting the clients' rights regarding the Department's decisions, including eligibility for services, denial or loss of services, and the right to appeal.

Departments that are required to provide translated written materials would have to:

- (a) post notices in the public areas of their facilities in the relevant language(s) indicating that written material in the language(s) and speaking the language(s) are available,

- (b) designate a staff member with responsibility for ensuring that translations are accurate and appropriate for the target audience, and
- (c) comply with the requirements of the ordinance within one year.

Any City Department receiving written materials from the Federal or State government in a language other than English would be required to keep a sufficient stock of those materials for the Department's clients.

City Commissions and Departments would not be required to translate meeting notices, agendas, or minutes. However, Commissions and Departments would be required to provide oral interpretation of public meetings or hearings if requests for oral interpretation are made 48 hours prior to the meeting or hearing.

In addition to the requirement that City Departments provide written materials in the languages spoken by a "substantial number" of their clients, the proposed ordinance would require all City Departments to fill public contact positions with bilingual employees if the Department's clients include either a "substantial number" or a "concentrated number" of limited English-speaking individuals. Under this provision, the Department would fill vacant positions with bilingual employees but would not be required to create new positions or dismiss employees to meet the requirements of the proposed ordinance.

The proposed ordinance would require Departments to allow individuals to make complaints to the Department, either through a written form or by telephone, alleging violations of the proposed ordinance by the Department. The Departments would be required to document actions taken to resolve each complaint and maintain copies of complaints and documentation of the complaint resolution for five years.

All Departments with recorded telephone messages about the Department's operation or services would be required to record the telephone messages in the languages spoken by their clients.

Under the proposed ordinance, the Immigrants Rights Commission would be responsible for:

- Conducting outreach to the limited English-speaking community regarding their rights under the proposed ordinance;
- Adopting rules and regulations to implement the proposed ordinance;
- Receiving and monitoring the annual compliance plan submitted by the City Departments serving a "substantial number of limited English-speaking" persons;
- Establishing and implementing a procedure to receive and investigate complaints about violations of the proposed ordinance and maintain documents regarding complaints;
- Reviewing complaints received by Departments about violations of the proposed ordinance and working with Departments to resolve these complaints; and
- Enforcing compliance with the proposed ordinance, by reporting in writing a finding of non-compliance to the affected City Department, the Department of Human Resources, the Mayor, and the Board of Supervisors.

**Fiscal Impact:**

Based on documentation provided by the Tier 1 Departments and the Immigrant Rights Commission, the Budget Analyst estimates that implementation of the proposed ordinance would result in new costs in FY 2001-2002 of approximately \$700,175. This estimate includes (a) one-time costs of \$600,696 for Tier 1 Departments to translate written materials into Spanish and Chinese, as required by the ordinance, which have not previously been translated, plus (b) annual costs of \$99,979 for the Immigrant Rights Commission (IRC) for outreach to the limited English-speaking community, enforcing compliance with the proposed ordinance, and additional responsibilities, outlined in the proposed ordinance (See Comment 5).

In addition to the estimated \$700,175 in increased costs noted above, the proposed ordinance would result in additional increased costs, as follows:

- The City Departments would have increased printing costs for printing materials in languages other than English. According to information provided by DAS, printing costs for black-and-white and some multi-color materials in Spanish and Chinese, in addition to English, would increase by approximately 5 percent over the cost of printing in English only. In addition, based on information provided by DAS, printing costs for each additional language for higher-quality full-color offset printing would equal the initial cost of printing in English only. The Budget Analyst is not able to estimate the increased printing costs because the increased costs would be based on the number and type of documents to be printed.
- All other City Departments, called Tier 2 Departments, providing services to a "substantial number of limited English-speaking" clients would be required to translate all publicly-posted materials regarding the Department's services and the rights of the Department's clients to receive services, as noted above. City Departments would incur some new one-time costs to comply with this provision of the proposed ordinance. The Budget Analyst is not able to provide an estimate of these increased costs at this time and recommends that the IRC work with the affected Tier 2 Departments to develop an implementation plan, determining which written Department materials would require translation under this provision of the proposed ordinance.
- City Departments would incur increased costs for bilingual pay when existing public contact positions become vacant and are filled with bilingual employees, although the actual amount of these cost increases would depend on when existing positions become vacant and the rate of bilingual pay for that position (see Comment 8).
- In addition to the estimated \$600,696 for translating written materials into Spanish and Chinese in FY 2001-2002, the Departments would have some ongoing costs for translating new or revised materials in future years, as noted in Comment 8.
- The cost estimates in this report include estimates for translating written materials into Spanish and Chinese. The Budget Analyst estimates that City



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Departments will incur approximately \$350,000 in additional one-time costs for translating materials into each non-English language, other than Chinese or Spanish (see Comment 7).

Comments:

1. Of the estimated \$600,696 in new one-time costs for translating written documents into Spanish and Chinese, the Department of Public Health (DPH) would incur approximately \$371,219, or 61.8 percent of this \$600,696, for translating such written materials, according to Mr. James Alexander of the DPH. This amount of \$371,219 includes \$300,000 for translation and \$71,219 in salary and fringe benefit costs for one Assistant Health Educator position to coordinate translation of the written materials. Such funds are not included in the DPH budget, and funds to pay these additional costs, including the Assistant Health Educator position, which would be designated limited-tenure, would be subject to Board of Supervisors approval.

2. Of the estimated \$600,696 in new one-time costs for translating written documents into Spanish and Chinese, the Department of Human Services (DHS) would incur approximately \$149,870, or 24.9, for translating such written materials, according to Ms. Jeanne Zarka of DHS. Such funds are not included in the DHS budget and funds to pay these additional costs would be subject to Board of Supervisors approval.

3. Although the estimate of \$600,696 represents new one-time costs for translating materials, the City Departments would incur ongoing annual translation costs for producing new or revised written materials. The Budget Analyst is not able to provide an estimate of ongoing costs at this time because such costs would vary, based on the need of each Department to revise or produce new written materials. However, it should be noted that DHS has requested \$140,130 in the FY 2001-2002 budget for translation costs, which are in addition to the estimated \$149,870 in translation costs resulting from the proposed ordinance (as noted in Comment 2). The Department of Elections has requested \$163,000 in the FY 2001-2002 budget for translation costs. Two other Departments, the Police Department and DPH, state that



their Departments frequently produce new written materials but were not able to provide estimates of the costs because these Departments have not yet determined what new written materials would be produced.

4. The Budget Analyst recommends that the Immigrant Rights Commission (IRC) work with the Tier 1 and Tier 2 Departments to develop an implementation plan for translating written materials under the proposed ordinance. The implementation plan would include determining which documents need to be translated under this provision of the proposed ordinance, assisting the Departments with determining priorities, establishing a timeline for translating materials, and avoiding duplication of documents

5. As noted above, cost estimates for the Immigrant Rights Commission (IRC), provided by Mr. Dang Pham of the IRC, include (a) \$50,000 for community-based organizations to conduct outreach in FY 2001-2002 to the limited-English speaking community and (b) \$49,979 in salary and fringe benefit costs to increase an existing 0.33 FTE Special Assistant 1365 by 0.67 FTE, to create a full-time position, for total annual costs of \$99,979. The attached memorandum (Attachment), provided by the IRC, contains an explanation of this cost estimate.

6. The proposed ordinance requires the Planning Department to determine annually whether the population in a City Supervisorial District in which a City Department is located is limited English-speaking or whether the population receiving services from the City Department is limited English-speaking. Under the proposed ordinance, the Planning Department would make this determination by using United States Census data. The estimates in this report are based on the costs of translating materials into Spanish and Chinese. The inclusion of languages in addition to Spanish and Chinese has not yet been determined.

7. Based on the documentation provided by the Tier 1 Departments, the Budget Analyst estimates that the one-time new costs for City Departments for each additional language included in the proposed ordinance would be

approximately \$350,000. However, these costs will vary, depending on which new languages are determined to be covered by the proposed ordinance and what written materials City Departments are already providing in these languages.

8. All City Departments would be required to fill vacant public contact positions with bilingual employees to provide information and services if the population receiving Department services meet either the "substantial number of limited English-speaking" or "concentrated number of limited English-speaking" criteria. Because this provision of the ordinance does not create new City positions, the City would not incur increased costs for new positions but would incur some increased costs by expanding the number of positions qualifying for bilingual pay. Currently, the Memoranda of Understanding (MOU) between the City and the City employee organizations provide for bilingual pay, ranging from \$35 per pay period to \$60 per pay period. The Budget Analyst notes that increased bilingual pay costs will vary, depending on when existing positions become vacant, and on which MOU covers the position.

9. Under the proposed ordinance, all City Departments would be required to determine annually whether 5 percent or more of those limited English-speaking persons who use the Department's services citywide speak a shared language other than English by either (a) conducting a 2-week survey of all contacts with the public made by the Department, or (b) analyzing information collected during the Department's intake process. Although City Departments will be required to allocate existing Department resources to conduct the proposed survey or information analysis, because of the time-limited nature of the survey or information analysis, the Budget Analyst does not find that this provision of the proposed ordinance will result in incremental costs.

10. Additionally, the proposed ordinance requires City Departments to draft and file an annual compliance plan with the Immigrant Rights Commission, which includes (a) the number and percentage of limited English-speaking persons who use the Department's services, (b) a

list of the languages spoken by 5 percent of more of the residents of each Supervisorial District in which the Department's facilities are located, (c) the number of public contact positions in the Department and the number, title, office location and language of bilingual employees in these positions, and (d) other information as required to ensure compliance with the proposed ordinance. According DPH and DHS, these Departments are already required to report some of this information to State and Federal agencies and they are not anticipating that these requirements of the proposed ordinance will result in a request for additional funds. Although City Departments will be required to allocate existing resources to draft and file the compliance plan required by the proposed ordinance, the Budget Analyst does not find that this provision of the proposed ordinance will result in incremental costs.

11. Currently, City Departments that translate written materials into languages other than English have their own contracts with outside translating services. To better coordinate translation services, ensure quality and conformity of translated materials in all City Departments, and achieve economies of scale, the Budget Analyst recommends that, if the subject ordinance is approved by the Board of Supervisors, the Department of Administrative Services (DAS) should be requested to coordinate translation services for City Departments, including the award of contracts to vendors to provide translation services for all City Departments. In addition, the Budget Analyst recommends that the DAS be directed to present to the Board of Supervisors a review of the costs of providing some translation services in-house, including an analysis of any cost savings that would result over contracting out these services and a proposal for recovery of full costs from City Departments.

12. The proposed ordinance should be amended to delete reference to "Public Administrator/ Guardian" and to add "Department of Aging and Adult Services".

13. In summary, approval of the proposed ordinance would result in new costs to the City as follows:

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- \$600,696 in new one-time costs for designated City Departments, called Tier 1 Departments, to translate written materials into Spanish and Chinese.
- \$99,979 for the Immigrant Rights Commission to conduct outreach and facilitate implementation of the proposed ordinance, including \$50,000 in grants to community-based organizations to conduct outreach and \$49,979 for salary and fringe benefit costs for 0.67 FTE Special Assistant 1365.
- City Departments other than the Tier 1 Departments would incur new one-time costs for translating all publicly-posted written materials regarding the Department's services and the rights of the Department's clients to receive services. The Budget Analyst is not able to provide an estimate of these increased costs at this time and recommends that the IRC work with City Departments to develop an implementation plan, including a determination of which documents would need to be translated.
- The Budget Analyst estimates that the City would incur approximately \$350,000 in new one-time costs for translating written materials into each non-English language other than English and Chinese.
- City Departments would incur new costs for (a) printing translated materials in languages other than English, equal to approximately 5 percent more than printing such materials in English-only; (b) bilingual pay, ranging from \$35 to \$60 per pay period when existing vacant positions are filled with bilingual employees; and (c) translating new and revised written materials. Because City Departments do not yet know what increased costs they will incur, the Budget Analyst is not able to provide an estimate of these increased costs at this time.

**Recommendations:**

1. Amend page 4, line 23, to delete "Public Administrator/Guardian" and add "Department of Aging and Adult Services", as noted in Comment 12.
2. Approval of the proposed ordinance as amended is a policy matter for the Board of Supervisors.

3. If the proposed ordinance is approved, request the Immigrant Rights Commission (IRC) work with City Departments to develop an implementation plan for translating written materials under the proposed ordinance, which includes determining which documents need to be translated under this provision of the proposed ordinance, assisting the Departments with determining priorities, establishing a timeline for translating materials, and avoiding duplication of documents, as noted in Comment 4.

4. If the proposed ordinance is approved, request DAS to coordinate translation services for City Departments and present a review of the costs of providing translation services in-house, as noted in Comment 11.





## CITY AND COUNTY OF SAN FRANCISCO IMMIGRANT RIGHTS COMMISSION

May 17, 2001

Severin Campbell  
Budget Analyst's Office  
Fox Plaza  
1390 Market Street  
San Francisco, California 94102

Dear Ms. Campbell:

The proposed Equal Access to Services Ordinance would mandate the Immigrant Rights Commission (IRC) to: provide information to non-English-speaking immigrants regarding their rights to City services; and monitor the compliance of City agencies with the ordinance.

The IRC estimates the cost for implementing this ordinance includes:

- a. \$50,000 in grants to community based organizations
- b. \$49,479 in salary and fringe benefits to increase an existing 0.33 FTE Special Assistant 1365 by 0.67 FTE, to create a full time position to monitor compliance.

The IRC partnership with community-based organizations in the Census 2000 outreach effort yielded positive results for San Francisco. The commission's award of grants \$10,000 - \$50,000 to non-profit organizations of diverse ethnic constituencies contributed to a greater response rate. The IRC will be able to tap into the network established by the Census effort to assist in implementation of this proposed ordinance.

Additionally, the Commission will work with City Departments during the first year of implementation of the ordinance to assist in determining which documents need to be translated to ensure the quality of translations and avoid duplication.

For further information, please call me at 554-7583 or Winny Loi, Commission Secretary at 554-4789.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dang Phang".

Dang Phang  
Executive Director



Memo to Finance Committee  
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Item 3 - File 01-0681

**Department:** Recreation and Park

**Item:** Resolution approving and authorizing the execution and delivery of a First Amendment to a Lease for the Beach Chalet allowing for the construction of a deck at the rear of the building.

**Lessor:** City and County of San Francisco acting through the Recreation and Park Department (RPD)

**Lessee:** Beach Chalet L.P., a restaurant, bar and microbrewery

**No. of Square Feet:** Under the existing lease, the Beach Chalet L.P. occupies 6,032 square feet of space on the second floor of the existing Beach Chalet building. The proposed First Amendment to the Beach Chalet lease would allow the Beach Chalet L.P. to build a 3,100 square foot deck to expand the brewpub, bringing the total estimated square footage leased to the Beach Chalet L.P. to 9,132. Attachment I, provided by RPD, is a floor plan of the new 3,100 square foot deck. Upon completion of the construction of the deck by the Beach Chalet L.P., the deck would become City property.

**Proposed Construction  
Under the Amended**

**Lease:** Under the proposed First Amendment to its existing lease, the Beach Chalet L.P. would be authorized to build a 3,100 square foot deck on the back side of the existing Beach Chalet building for an expanded food service area. Mr. Chris Mack of RPD reports that the Beach Chalet L.P. will select and be under contract with a contractor to design and build the Beach Chalet's new deck. To date, the contractor has not yet been selected by the Beach Chalet L.P. Mr. Mack reports that the RPD estimates a total construction and design budget of between \$584,577 and \$778,742 based on cost estimates submitted to RPD by the Beach Chalet L.P. (see Attachment II).

**Proposed Rent**

**Credits:**

To offset the construction costs to the Beach Chalet L.P., the RPD, under the proposed First Amendment, would provide \$218,750 in rent credits to cover approximately 28.1 to 37.4 percent of the estimated construction costs. Mr. Mack reports that such proposed rent credits were determined through negotiations in 1999 between the General Manager of RPD and the Beach Chalet L.P.

**Annual Rent Payable by  
the Beach Chalet L.P. to  
the City Under the  
Existing Lease:**

Under the existing lease for 6,032 square feet, the Beach Chalet L.P. pays to the City rent which is the greater of:

- i) \$5,160 per month, or \$61,920 per year, or
- ii) An amount equal to the total of the following percentages of the Beach Chalet's gross receipts<sup>1</sup>: (a) 6 percent of sales of food and non-alcoholic beverages, plus (b) 7.5 percent of alcoholic beverages, plus (c) 6 percent of the sales of retail goods, plus (d) 3 percent of all other gross receipts.

According to Mr. Mack, the Beach Chalet L.P. paid to the City rent in the amount of \$267,882 in calendar year (CY) 1997 (\$317,882 less \$50,000 in rent credit for the purchase and installation of a heating, ventilation and cooling system), \$305,478 in CY 1998, \$300,776 in CY 1999 (\$313,661 less \$12,885 in a rent credit for the purchase of necessary supplies for restrooms), and \$333,120 in CY 2000 (\$334,441 less \$1,321 in a rent credit for the purchase of necessary supplies for restrooms).

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<sup>1</sup> Gross receipts include all amounts received and receivable from all sales and business transacted or services performed on the premises.

**Proposed Annual Rent  
Payable by the Beach  
Chalet L.P. to the City  
Under the Amended  
Lease:**

Beginning the first day that the deck is open to the public for business, anticipated to be February 1, 2002, rent would be the greater of:

- i) \$6,000 per month, or \$72,000 per year, or
- ii) An amount equal to the total of the following percentages of the Beach Chalet's gross receipts: (a) 6 percent of sales of food and nonalcoholic beverages, plus (b) 9 percent of sales of alcoholic beverages, until the proposed rent credit of \$218,750 has been exhausted, at which point the RPD is to receive 10 percent of sales of alcoholic beverages, plus (c) 6 percent of the sales of retail goods, plus (d) 4 percent of all other gross receipts

The proposed First Amendment includes an increase in the percentage of gross receipts paid in rent from the selling of alcoholic beverages from 7.5 percent under the existing lease to 9 percent, an increase of 1.5 percent, once the new deck is open to the public for business, anticipated to be February 1, 2002. Mr. Mack advises that the percentage of gross receipts paid in rent from the selling of alcoholic beverages will increase from 9 percent to 10 percent once the \$218,750 rent credit has been exhausted, anticipated to occur in CY 2006. The rent credit would be applied to the percentage rent in the amount of \$55,000 annually during CY 2002, CY 2003, and CY 2004. The rent credit for CY 2005 would be \$53,750, for total rent credits of \$218,750. According to Mr. Mack, the estimated rent to be paid by the Beach Chalet L.P. to the RPD in CY 2002 is \$445,866 (see Attachment III).

**Utilities and Janitorial  
Service:**

Provided by tenant.

**Term of Lease:**

20-year lease that commenced June 19, 1995 and terminates June 18, 2015 (20 years)



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**Description:** The Beach Chalet is a two-story building located along the Great Highway in the western end of Golden Gate Park. The Beach Chalet was built in 1925, and in 1980 the Federal Department of Interior gave the building national landmark status. From 1980 until 1995, the building stood vacant.

According to Mr. Mack, the City entered into a lease on June 19, 1995 with the Beach Chalet L.P. for approximately 6,032 square feet of space on the second floor of the Beach Chalet building. Mr. Mack advises that the Board of Supervisors approved this lease in May of 1995. The term of the lease is for 20 years, with two options to Beach Chalet L.P. to extend the initial term for two additional five-year terms, for a total of 10 additional years. The expiration of the existing 20-year lease is June 19, 2015.

**Comments:** 1. Attachment III, provided by RPD, shows the anticipated increases in gross receipts and projected rent to be paid by the Beach Chalet L.P. to the City upon the opening of the new deck, anticipated to occur on February 1, 2002. In summary, this projection shows that the new deck could result in incremental percentage rent paid by the Beach Chalet L.P. to the City totaling \$69,339 during CY 2002, \$74,002 during CY 2003, \$78,839 during CY 2004, and \$85,108 during CY 2005. Beginning in CY 2006, when the rent credit is exhausted, RPD projects annual rent of \$637,931 resulting in incremental rent of \$201,668, or 46 percent more than the projected rent under the current lease of \$436,263 anticipated in CY 2006 without the new deck.

2. According to Mr. Mack, construction of the new deck is anticipated to begin on September 26, 2001 and to be completed on January 16, 2002. Mr. Mack reports that the Beach Chalet L.P. anticipates opening the deck to the public for business on February 1, 2002.

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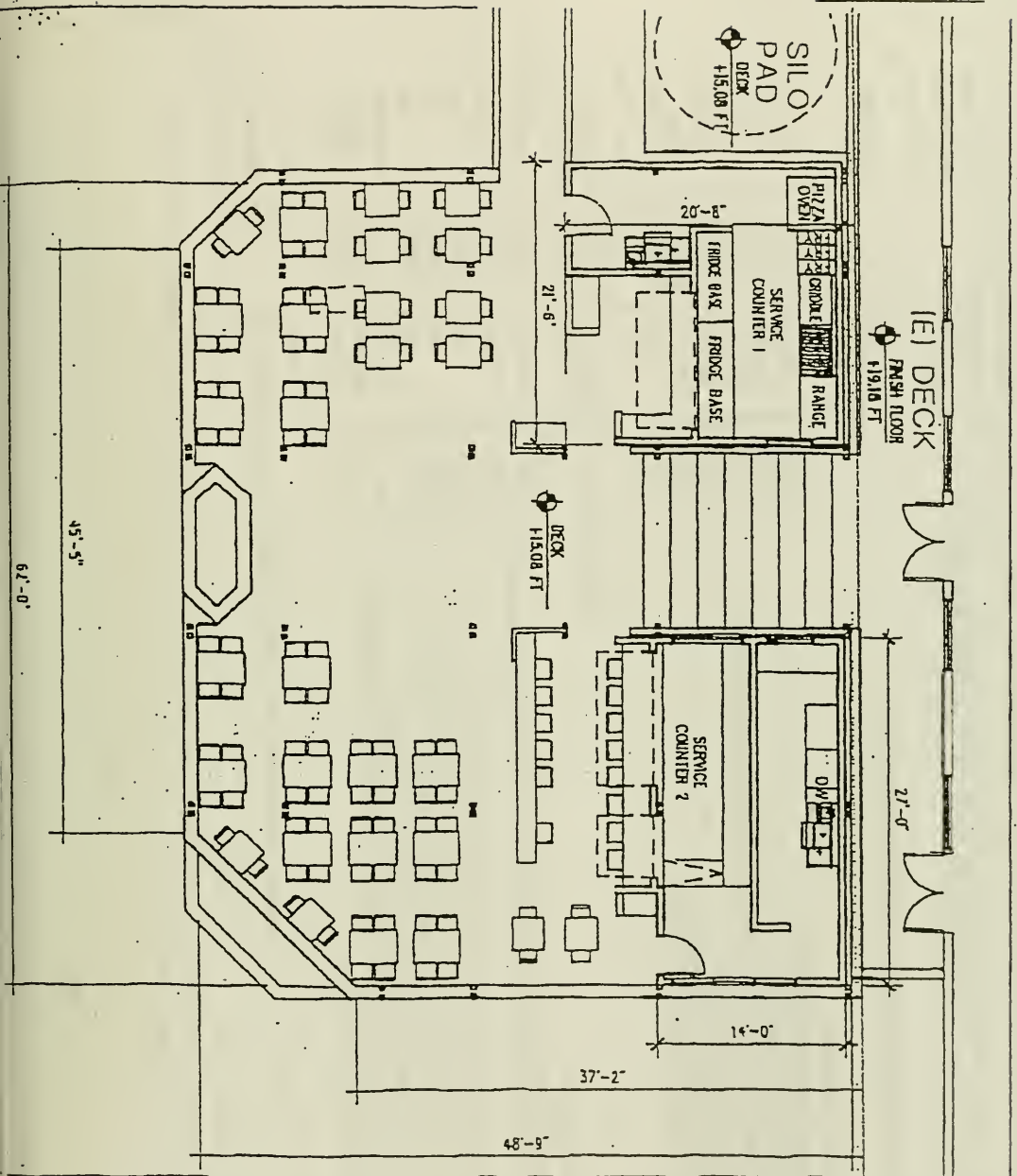
3. Since the Beach Chalet L.P. is not the owner of the Beach Chalet building, the Beach Chalet L.P. was unable to secure property insurance for the building. Under the proposed First Amendment, the Beach Chalet L.P. would be required to reimburse the City 50 percent of the property insurance premiums previously paid by the City from December 27, 1996 through May 23, 2001, for a total of \$11,792. According to Mr. Mack, December 31, 1996 was the first day that the Beach Chalet L.P. began paying rent. Under the proposed First Amendment, the Beach Chalet L.P. would be required to reimburse the City for 50 percent of the property insurance premiums paid after such date. Once the deck is open for business, the Beach Chalet L.P. would pay 57 percent and the City would pay 43 percent of all future annual insurance premiums and risk management fees.

4. Since December 31, 1996, in accordance with the existing lease, the Beach Chalet L.P. has been required to pay for all water usage on the second floor of the Beach Chalet building and the City has been required to pay for all water usage on the first floor of the Beach Chalet building. However, to date, according to Mr. Mack, the Beach Chalet L.P. has paid for all of the building's water use since December 31, 1996. The proposed First Amendment requires that two water meters be installed by the City to determine the City's water usage on the first floor as well as the water usage on the second floor. These two water meters would enable the City and Beach Chalet L.P. to estimate the City's past water usage so that the City could reimburse the Beach Chalet L.P. for the City's share of past water usage. The estimated reimbursement to the Beach Chalet L.P. by the City for the City's share of past water usage from December 31, 1996 through May 23, 2001 is \$60,000, according to Mr. Mack.

5. In summary, the proposed First Amendment would:

- a) Allow for the construction of a 3,100 square foot deck on the back side of the Beach Chalet building for an expanded food service area;
- b) Authorize the City to provide a maximum of \$218,750 in rent credits over a four year period to offset the cost of construction to the Beach Chalet L.P. for the new deck;
- c) Increase the minimum monthly rent from \$5,160 to \$6,000 once the construction of the new deck is complete;
- d) Increase the percentage of gross receipts paid in rent from the sales of alcoholic beverages from 7.5 percent under the existing lease to 9 percent once the construction of the new deck is complete and to 10 percent once the \$218,750 in rent credits are exhausted, anticipated to occur in CY 2006;
- e) Increase the percentage of gross receipts paid in rent from all other gross receipts, such as candy and gumball machine revenue, from 3 percent to 4 percent once the construction of the new deck is complete;
- f) Require the Beach Chalet L.P. to reimburse the City for 50 percent of the property insurance premiums paid from December 27, 1996 through May 23, 2001, for a total of \$11,792; and
- g) Authorize the City to reimburse the Beach Chalet L.P. for the City's share of past water usage from December 31, 1996 through May 23, 2001.

Recommendation: Approve the proposed resolution.



## BEACH CHALET - GARDEN DECK ADDITION

1000 GREAT HIGHWAY  
SAN FRANCISCO, CA

PROJECT NO. 028200

### PROPOSED DECK - FLOOR PLAN

**SmithGroup**

Architectural Services  
200 Bush Street  
11th Floor  
San Francisco, CA 94104  
415.774.1000  
S. G. Smith

8/30/00

2

# CONSTRUCTION BUDGET SUMMARY:

## I. SUBTOTAL, PROBABLE COST OF WORK IN TRADES

| LOW RANGE | HIGH RANGE |
|-----------|------------|
| \$310,544 | \$343,380  |

## II. INTEGRAL PROJECT FACTORS:

|  |       |          |       |          |
|--|-------|----------|-------|----------|
| Preconstruction Phase Design Estimating Contingency  | 10.0% | \$31,054 | 15.0% | \$51,507 |
| DIV. 1 -- General Contractor's General Conditions  | 9.0%  | \$27,949 | 11.0% | \$37,772 |
| Supplementary Conditions; Includes Cost Impact of HRC & Other Agency Procedural Requirements | 4.0%  | \$12,422 | 5.0%  | \$17,189 |
| General Contractor's Home Office Overhead + Profit   | 9.0%  | \$34,377 | 10.0% | \$44,983 |
| Allow for General Contractor's Program Phasing Cost Impacts                                  | 0.0%  | None     | 0.0%  | None     |
| Payment & Performance Bonds (Assume Req'd. for General & Subs)                               | 1.5%  | \$8,245  | 2.5%  | \$12,370 |

by Calculation:  
110%

## CONSTRUCTION TOTAL

|           |           |
|-----------|-----------|
| \$422,592 | \$607,180 |
|-----------|-----------|

## III. NOTED EXCLUSIONS:

|   |      |          |       |          |
|---|------|----------|-------|----------|
| All Owner's Course-of-Construction Reserves, Such as a Change Order Contingency   | 5.0% | \$28,732 | 10.0% | \$67,098 |
| Alterations / Improvements to Existing Building or Existing Site Improvements, Beyond Limited Patching Allowances Included Herein | 1.0% | \$5,036  | 2.5%  | \$15,487 |
| Replacement or Rebuilding of Any Equipment to be Relocated and Installed in this Project Area                                     | 0.0% | \$0      | 0.0%  | \$0      |
| Any New Site Improvements Work Outside the Deck Structure "Limits of Work" Line Noted on Sheet L-3                                | 0.0% | \$0      | 0.0%  | \$0      |
| Any Energy Envelope or Mechanical / Electrical Systems Upgrades to Existing Building  | 0.0% | \$0      | 0.0%  | \$0      |
| All Owner's Project "Soft" Cost Allocations (Typically 20% to 35% of Final Construction Cost)                                     |      | \$57,500 |       | \$85,000 |
| All Owner's Furniture, Fixtures & Equipment Allocations - Purchase, Reconditioning, Storage, Installation, etc.                   |      | \$50,000 | 10.0% | \$85,000 |
| Contingency on the Above Excluded Project Elements  | 5.0% | \$22,718 | 10.0% | \$58,977 |

## CONSTRUCTION TOTAL WITH BIDDING CLIMATE FACTOR

|           |           |
|-----------|-----------|
| \$584,677 | \$778,742 |
|-----------|-----------|

Source: RPD



Attachment C

Projected Rent to City without the Deck

| Year | A                          |   |                                  |                           |                    |
|------|----------------------------|---|----------------------------------|---------------------------|--------------------|
|      | Gross Revenue <sup>1</sup> | Food & Non-Alcoholic Beverages <sup>2</sup> | Alcoholic Beverages <sup>3</sup> | Retail Goods <sup>4</sup> | Misc. <sup>5</sup> |
|      | Percentage Rent            |   |                                  |                           |                    |
|      | 6%                         | 7.50%                                       | 6%                               | 3%                        |                    |
| 2001 | \$5,706,250                | \$246,510                                   | \$111,272                        | \$3,424                   | \$1,712            |
| 2002 | \$5,920,234                | \$255,754                                   | \$115,445                        | \$3,552                   | \$1,776            |
| 2003 | \$6,142,243                | \$265,345                                   | \$119,774                        | \$3,685                   | \$1,843            |
| 2004 | \$6,372,577                | \$275,295                                   | \$124,265                        | \$3,824                   | \$1,912            |
| 2005 | \$6,611,549                | \$285,619                                   | \$128,925                        | \$3,967                   | \$1,983            |
| 2006 | \$6,859,482                | \$296,330                                   | \$133,760                        | \$4,116                   | \$2,058            |

Projected Rent to City with the Deck

| Year | Gross Revenue <sup>1</sup> | Food & Non-Alcoholic Beverages <sup>2</sup> | Alcoholic Beverages <sup>3</sup> | Retail Goods <sup>4</sup> | Misc. <sup>5</sup> | Subtotal Projected Rent to City | Less Rent Credit <sup>6</sup> | B Total Projected Rent to City | Incremental Rent to City (B - A) |
|------|----------------------------|---|----------------------------------|---------------------------|--------------------|---------------------------------|-------------------------------|--------------------------------|----------------------------------|
|      | Percentage Rent            |   |                                  |                           |                    |                                 |                               |                                |                                  |
|      | 6%                         | 7.50%                                       | 6%                               | 3%                        |                    |                                 |                               |                                |                                  |
| 2001 | \$5,706,250                | \$246,510                                   | \$111,272                        | \$3,424                   | \$1,712            | \$362,918                       | 0                             | \$362,918                      | \$0                              |
| 2002 | \$5,920,234                | \$255,754                                   | \$115,445                        | \$3,552                   | \$1,776            | \$376,527                       |                               | \$376,527                      | \$69,339                         |
| 2003 | \$6,142,243                | \$265,345                                   | \$119,774                        | \$3,685                   | \$1,843            | \$390,647                       |                               | \$390,647                      | \$74,002                         |
| 2004 | \$6,372,577                | \$275,295                                   | \$124,265                        | \$3,824                   | \$1,912            | \$405,296                       |                               | \$405,296                      | \$78,839                         |
| 2005 | \$6,611,549                | \$285,619                                   | \$128,925                        | \$3,967                   | \$1,983            | \$420,495                       |                               | \$420,495                      | \$85,108                         |
| 2006 | \$6,859,482                | \$296,330                                   | \$133,760                        | \$4,116                   | \$2,058            | \$436,263                       |                               | \$436,263                      | \$201,668                        |

5 Year Total (\$218,750)

<sup>1</sup> Projection assumes yearly increase in gross revenues of 3.75%.

<sup>2</sup> Food & Non-Alcoholic beverages sales estimated at 72% of gross revenues.

<sup>3</sup> Alcoholic Beverages sales estimated at 26% of gross revenues.

<sup>4</sup> Retail sales estimated at 1% of gross revenues.

<sup>5</sup> Miscellaneous sales estimated at 1% of gross sales.

<sup>6</sup> Percentage rent for alcoholic beverages increases by 1.5% with the addition of the deck.

<sup>7</sup> Percentage rent for alcoholic beverages and miscellaneous increases an additional 1% once the rent credit is paid off.

<sup>8</sup> No out of pocket costs to City, cost is in the form of a rent credit.

Return on Investment

232.67%

Source: Recreation and Park Department



Memo to Finance Committee  
May 23 , 2001 Finance Committee Meeting  
Item 4 – File 01-0763

**Department:** Recreation and Park Department (RPD)

**Item:** Supplemental appropriation ordinance in the amount of \$16,998,742 of the Golden Gate Park Bond Proceeds to fund the construction and renovation activities associated with the Martin Luther King (MLK) Drive Utilities Project, the North Lake Project and the Golden Gate Park East Entrance for the Department of Recreation and Park.

**Amount:** \$16,998,742

**Source of funds:** Proceeds from the final Bond Sale of 1992 Golden Gate Park Improvements General Obligation Bonds on March 7, 2001 (originally authorized by the Board of Supervisors in October of 2000 in File No. 00-1613).

**Description:** In June of 1992, the voters approved a \$76,300,000 bond measure to finance infrastructure improvements at Golden Gate Park. Since that time, such bond proceeds have accumulated an additional \$7,606,844 in interest earnings for total funds available of \$83,906,844. The bond proceeds have been used to finance irrigation system and lighting improvements, sewer line replacements and curb replacements. To date \$59,401,201 in bond proceeds have been appropriated from the 1992 Golden Gate Park Bond funds. This additional appropriation of \$16,998,742 which would result in a total Golden Gate Park Bond appropriations of \$76,399,943, would be allocated among three separate projects as shown on the table below.

**Budget** A summary table is shown below:

**Proposed Use of Funds**

| Description                                 | Amount       |
|---|--------------|
| Martin Luther King Drive Utilities          | \$12,770,493 |
| North Lake Renovations                      | 3,144,569    |
| Golden Gate Park East Entrance Improvements | 1,083,680    |
| Total                                       | \$16,998,742 |

Martin Luther King Drive Utilities: \$12,770,493 for utility renovations along Martin Luther King Drive. The

project consists of a new irrigation system, extensive electrical work and the installation of new streetlights. The project will also include the construction of new curb ramps for compliance with American with Disabilities Act standards. A summary budget is shown below.

**Summary of Martin Luther King Drive Utilities Budget**

| <u>Expenditure Item</u>     | <u>Estimated Cost</u> |
|-----------------------------|-----------------------|
| Mobilization and Allowances | \$797,000             |
| Sewer Work                  | 616,260               |
| Mechanical work             | 4,804,030             |
| Electrical Work             | 2,644,586             |
| Landscape Work              | 2,020,000             |
| Traffic Work                | 222,900               |
| 15% Contingency             | <u>1,665,717</u>      |
| <b>Total</b>                | <b>\$12,770,493</b>   |

North Lake Renovations: \$3,144,569 for the renovation of North Lake in Golden Gate Park. The improvements include repair of the lake's lining, improved pedestrian paths and bridges and new plantings for habitat restoration as required by the State Fish and Game Department. A summary budget is shown below.

**Summary North Lake**

| <u>Expenditure Item</u>  | <u>Estimated Cost</u> |
|--|-----------------------|
| Mobilization and Set up  | \$104,875             |
| Demolition and Excavation                                      | 605,100               |
| Storm Drainage   | 17,500                |
| Mechanical Systems   | 161,000               |
| Lake bed work  | 587,000               |
| Paving   | 115,600               |
| Erosion Control  | 90,000                |
| Accessibility Improvements                                     | 79,368                |
| Lake Edge Access (High-Use Areas)                              | 63,956                |
| Site Rehabilitation Elements                                   | 6,600                 |
| Planting and Irrigation  | 858,935               |
| Tree Removal   | 93,000                |
| Environmental Protection Measures                              | 9,113                 |
| 15% Contingency  | <u>418,807</u>        |
| <b>Subtotal</b>  | <b>\$3,210,854</b>    |
| Less: Funds previously approved by the<br>Board of Supervisors | <u>(66,285)</u>       |
| <b>Total</b>   | <b>\$3,144,569</b>    |

Memo to Finance Committee

May 23 , 2001 Finance Committee Meeting

East Entrance to Golden Gate Park: \$1,083,680 for improvements to traffic flow at the East Entrance to Golden Gate Park. The project includes improvements to pedestrian crossings, designated bike lanes and realigning of roadways to reduce driving speeds and irrigation improvements. A summary budget is shown below.

East Entrance to Golden Gate Park

| <u>Expenditure Item</u> | <u>Estimated Cost</u> |
|-------------------------|-----------------------|
| Roadway work            | \$371,830             |
| Sewer Work              | 158,000               |
| Electrical Work         | 121,000               |
| Landscape Work          | 248,500               |
| Traffic Work            | 43,000                |
| 15% Contingency         | <u>141,350</u>        |
| Total                   | <u>\$1,083,680</u>    |

**Comment:**

1. As previously stated, the \$76,300,000 Bond issuance has earned \$7,606,844 of interest to date for a total available funding of \$83,906,844.

2. This supplemental appropriation of \$16,998,742 would leave an unappropriated balance of \$7,506,901 (\$83,906,844 in total funds less \$59,401,201 previously appropriated less \$16,998,742 with the subject of this request).

3. According to Ms. Shannon Maloney, of the Recreation and Park Department, the RPD will issue competitive bids for each of the proposed projects in June of 2001. Final contract awards would be made two months after the close of the bidding.

**Recommendation:**

Approve the proposed ordinance.





Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 5 - File 01-0667

Note: This item was continued by the Finance Committee at its meeting of May 9, 2001.

Department: Airport

Item: Resolution approving Lease Modification Number 15 for Lease No. 82-0126 between United Air Lines, Inc. (United), and the City and County of San Francisco, acting by the through the Airport Commission.

Lessor: City and County of San Francisco

Lessee: United Airlines, Inc.

Term of Lease: July 1, 1981 through June 30, 2011, with no option to renew.

Effective Date of Lease Modification: June 1, 2001 or upon occupancy of said areas if the Board of Supervisors has approved the lease and occupancy occurs prior to June 1, 2001.

Description: Under Lease and Use Agreement No. 82-0126 (Agreement) dated July 1, 1981, by and between the City and County of San Francisco and United Air Lines, Inc., as previously amended and approved by the Board of Supervisors, United leases from the Airport approximately 442,444 square feet of exclusive use space in the North Terminal of the San Francisco International Airport. The Agreement was last amended and approved by the Board of Supervisors in November of 1999 (File 99-1852) for the purpose of relocating United's international flights to the new International Terminal and the completion of United's new automated baggage system.

According to Ms. Dorothy Schimke of the Airport, over the past approximately 8 years, air passenger traffic in the North Terminal had increased so significantly it had severely strained the existing concession and airline operations space. Therefore, in 1998 the Airport undertook a program to expand Boarding Area "F" of the North Terminal, adding approximately 49,973 square feet of airline operations space under the lease with United (see Attachment I, provided by the Airport).

The purpose of the proposed Lease Modification No. 15 is (1) to account for the increase of approximately 49,973 square feet of exclusive use space in the North Terminal used by United Airlines for the expansion of Boarding Area "F"; and, (2) the decrease of approximately 462 square feet of United's exclusive use space from the International Terminal, which had been erroneously included by the Airport in Modification No. 14, previously approved by the Board of Supervisors, as both United's exclusive use space and as joint use space (see Comment 4). Joint use space is defined as airline rental space in a facility owned by the Airport which is leased to more than one airline for the shared use of all airlines sharing that space. Ms. Schimke advises that the subject approximately 462 square feet is correctly included in the International Terminal as joint use space because the space is leased to more than one airline for shared use whereas all applicable airlines pay their share of the rent for that space.

Comments:

1. According to Ms. Schimke, the increase of approximately 49,973 square feet of exclusive use space in the North Terminal for United would result in the increase of annual rental to the Airport of \$5,013,433, as shown in the table below, based on the rental rates in effect from February 1, 2001. Ms. Schimke advises that this increase represents a 15% increase in United's rent for the North Terminal. Ms. Schimke states that rental rates are based on the Airport's Rates and Charges for Airlines, which are adjusted each July 1 by the Airport using the rates and charges methodology prescribed in the Lease and Use Agreements, as previously approved by the Board of Supervisors, and contained in Attachment II, provided by the Airport. Ms. Schimke notes that the rental rates in effect from July 1, 2000 were updated on February 1, 2001 due to a revenue shortfall primarily from the delayed opening of the International Terminal.

2. According to Ms. Schimke, Modification No. 15 of the subject Agreement adds space to United's North Terminal leasehold following the completion of the expansion of Boarding Area "F" in the following categories:

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

| <u>Category</u> | <u>Description</u>  |
|-----------------|---|
| I               | Gate Holdroom Space   |
| II              | New Red Carpet Club and Mezzanine Offices located above the flight departure level. |
| III             | Enclosed Space located below the flight departure level.                            |
| IV              | Miscellaneous Mechanical Space  |
| V               | Unenclosed Storage  |

The approximately 49,973 square feet will be added under the United lease in the following five categories of space:

| North Terminal Building |                                   |                |                      |                         |                      |                      |                         |
|-------------------------|-----------------------------------|----------------|----------------------|-------------------------|----------------------|----------------------|-------------------------|
| Category                | Annual Rent per Sq Ft by Category | Current Sq Ft  | Current Annual Rent  | Proposed Sq Ft Increase | Annual Rent Increase | Total Proposed Sq Ft | Anticipated Annual Rent |
| I                       | \$ 154.78                         | 62,572         | \$ 9,684,894         | 552                     | \$ 85,439            | 63,124               | \$ 9,770,333            |
| II                      | 116.09                            | 85,703         | 9,949,261            | 35,242                  | 4,091,244            | 120,945              | 14,040,505              |
| III                     | 77.40                             | 65,613         | 5,078,446            | 9,484                   | 734,062              | 75,097               | 5,812,508               |
| IV                      | 38.69                             | 211,191        | 8,170,980            | 1,293                   | 50,026               | 212,484              | 8,221,006               |
| V                       | 15.48                             | 17,365         | 268,810              | 3,402                   | 52,663               | 20,767               | 321,473                 |
| <b>Total</b>            |                                   | <b>442,444</b> | <b>\$ 33,152,392</b> | <b>49,973</b>           | <b>\$ 5,013,433</b>  | <b>492,417</b>       | <b>\$ 38,165,825</b>    |

3. Ms. Schimke advises that the building expansion of Boarding Area "F", including the subject 49,973 square feet of space for United, was substantially completed in November of 2000. United is currently constructing its tenant improvements in the North Terminal, which are expected to be completed by late Summer of 2001. Therefore, United has not yet begun to occupy the subject 49,973 additional square feet. According to Ms. Schimke, the proposed Modification No. 15 will become effective on June 1, 2001 or upon United's occupancy of the subject additional 49,973 square feet, whichever is earlier, in accordance with the latest established rates as of February 1, 2001.

4. Ms. Schimke states that Modification No. 14, previously approved by the Board of Supervisors, erroneously included approximately 462 square feet of exclusive use Category III or Enclosed space in the International Terminal. Ms. Schimke advises that the inclusion of the subject approximately 462 square feet of

exclusive use Category III space for United was an administrative error. According to Ms. Schimke the approximately 462 square feet of space is properly defined as joint use space in the International Terminal and not as exclusive use space. Ms. Schimke advises that all rental rates are the same whether classified as exclusive use space or joint use space. Regarding this 462 square feet in the International Terminal which, according to Ms. Schimke, United was erroneously charged twice by the Airport, as both exclusive use space and joint use space, the Airport will still receive, on an annual basis, \$35,759 for the subject approximately 462 square feet under joint use space, of which United will pay its proportionate share of the rent. The Airport proposes to refund the portion of the rent paid twice by United. This refund is estimated to be \$15,506 for the exclusive use space for the period from December 10, 2000, when United took joint use occupancy of the subject square footage until approval of this legislation by the Board of Supervisors and the Mayor. June 1, 2001 was used as the basis for the calculation of the \$15,506 based on the estimated date of final approval of this resolution. If approval of this renovation is finalized prior to June 1, 2001 then United would be refunded less than \$15,506.

5. Given the reduction in the annual revenues of \$35,759 for the approximately 462 square feet of exclusive use Category III space in the International Terminal that United was being charged by the Airport and the increase in annual revenue to be paid by United for the additional 49,973 square feet of exclusive use space of \$5,013,433 from the expansion of Boarding Area "F" in the North Terminal, the total net annual increase in rent revenues payable by United to the Airport is estimated to be \$4,977,674 (\$5,013,433 less \$35,759). Ms. Schimke advises that the rental rates beginning in July 1, 2001 are anticipated to be higher than the rates currently being charged.

6. The proposed resolution does not include language for the deletion of approximately 462 square feet exclusive use space in the International Terminal which had been charged to United.



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

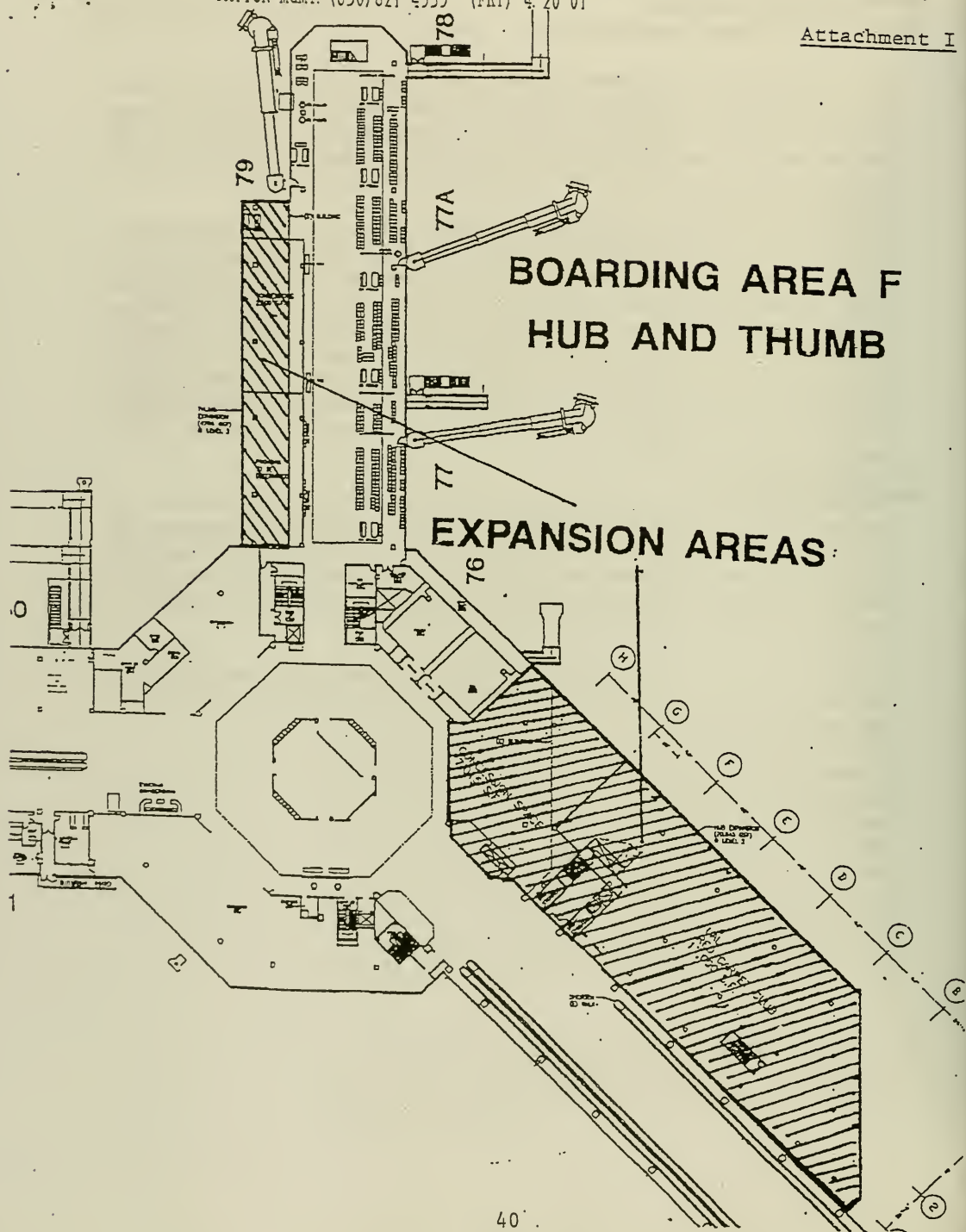
7. Based on the inquires of the Finance Committee at its meeting of May 2, 2001, Mr. John Martin, Airport Director, provided a memorandum (Attachment III) pertaining to the Airport's policy of initiating rental charges at the time of beneficial occupancy.

8. The Finance Committee, at its meeting of May 9, 2001, requested the Airport to ask United if they would pay rent for the subject 49,973 square feet when United began its tenant improvements, rather than the proposed effective June 1, 2001 date for this Lease Modification. According to Ms. Cathy Widener of the Airport, as of the writing of this report, the Airport is still in negotiations with United as to what date that the Airport should begin charging United rent for the subject increased 49,973 square feet of space.

Recommendations:

1. Amend line fifteen of the proposed resolution to account for the deletion of approximately 462 square feet of exclusive use space in the International Terminal by adding, "and deletion of approximately 462 square feet of the International Terminal as exclusive use space," in accordance with Comment 6 above.

2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.




**AIRPORT COMMISSION**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**CITY AND COUNTY OF SAN FRANCISCO**

**MEMORANDUM**

**TO:** Budget Analyst

**DATE:** April 24, 2001

**FROM:** Dorothy Schimke 

**Airport Rates and Charges**

**Background**

In 1979 a number of airlines filed suit to litigate certain complaints against the City, including an allegation that Airport revenues were being unlawfully diverted to the City's General Fund.. (Federal law prohibits the expenditure of airport revenues for non-airport purposes.) In early 1980 the City and the airlines that were parties to the suit entered into settlement negotiations that resulted in a detailed Settlement Agreement and an Airline-Airport Lease and Use Agreement ("the LU"). Provisions for a substantial restructuring of the financial operation of the Airport, including the methodology for calculating Airport Rates and Charges, were incorporated into the LU as part of the Settlement Agreement.

**Calculation of Rates and Charges**

In general, the airlines are obligated to pay terminal building rental rates and landing fees in amounts that, when included with all other Airport revenues, will be sufficient to cover all annual Airport costs. Rates are adjusted annually. Terminal rate adjustments are based on the average cost per square foot of providing, maintaining and operating the terminal building areas.

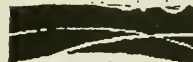
A simplified outline of the methodology for calculating Airport terminal rents is as follows:

1. **Expense Forecasting.** Airport forecasts its expenses, including both operating and capital expenses, for the upcoming fiscal year.

FROM SFIA DEPT. OF AVIATION MGMT. (650) 821 4535 (WED) 4. 25' 01

Budge Analyst  
April 24, 2001  
Page 2

2. **Revenue Forecasting.** Airport forecasts its non-airline terminal revenues for the upcoming fiscal year.
  - Concession revenues
  - Rents from non-airline tenants
  - Other revenues (e.g., interest on unexpended capital funds)
1. **Annual Service Payment.** 15% of Concession revenues goes to City's general fund as compensation for indirect services to the Airport.
2. **Calculation.**
  - Non-airline revenues (net of Annual Service Payment) are set off against projected expenses.
  - Remainder (expenses that are not covered by non-airline revenues) is divided by the total square feet of terminal space rented by airlines to determine average rent per square foot, which is then apportioned into five rate categories.
  - The higher the number of square feet rented to airlines, the lower the effective rental rate required to recover the terminal costs.



San Francisco International Airport

May 3, 2001

Honorable Mark Leno  
 Chair, Finance Committee  
 Board of Supervisors  
 City and County of San Francisco  
 1 Dr. Carlton B. Goodlett Place  
 City Hall, Room 244  
 San Francisco, CA 94102-4689

P.O. Box 8097  
 San Francisco, CA 94128  
 Tel 650.821.5000  
 Fax 650.821.5005  
 www.flysf.com

Dear Supervisor Leno:

I am writing to address the issue raised by Supervisor Peskin about the Airport's policy of initiating rental charges at the time of beneficial occupancy.

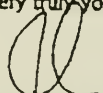
First, please know that the Airport Commission has a long-standing policy of providing a "level playing field" for all business tenants in our facilities. This "beneficial occupancy rental policy" is one of those level field issues. Since the implementation of the Lease and Use Agreement in 1981, no tenant, be it airline or concession, has paid rent prior to the operation of their business. This is a standard at airports across the country.

All leases at the Airport contain a clause that stipulates that when a lease terminates those improvements made by the tenant at the outset of their lease become the property of the City and County of San Francisco. The Commission believes that it is fair businesses practice to not "double charge" the tenant as he or she spends considerable money to meet our high standards of tenant improvement. With respect to the lease modifications being considered by the Finance Committee, United Airlines will spend over a million dollars to improve the space. These improvements will belong to the City and County of San Francisco at the termination of the lease in 2011.

To charge United Airlines for rent during this construction period will result in a policy of charging all tenants during future construction periods. I have a concern that this could hamper our endeavor to attract new international carriers and dissuade small concessionaires from bidding on future rental leases.

Thank you for your consideration. I stand ready to discuss this matter with you further.

Very truly yours,

  
 John E. Martin  
 Airport Director

cc: Members, Finance Committee





Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 6 – Files 01-0822

Department: Airport

Item: Resolution approving the first lease modification of the Glide Slope Lease, between the U.S. Federal Aviation Administration (FAA) and the City and County of San Francisco, acting by and through the Airport Commission, to increase the FAA's leasehold from 0.28 acres to 0.74 acres and allow for the installation, operation and maintenance of a third piece of Glide Slope equipment.

Lessor: City and County of San Francisco

Lessee: Federal Aviation Administration (FAA)

Term of  
Original Lease: October 1, 1986 through September 30, 2006, with no option to renew.

Effective Date of  
Lease Modification: According to Mr. Robert Rhoades of the Airport, the lease modification will become effective subsequent to approval of this proposed resolution by the Board of Supervisors.

Amount Payable  
to Airport: No charge to the FAA (see Comment 1)

Description: This subject lease agreement currently provides the FAA with approximately 0.28 acres of space for the installation, operation, and maintenance of Glide Slope equipment on the site identified in the Attachment, provided by the Airport, as Glide Slope Site, Parcel No. 5A at the Airport for Runway 28L. According to Mr. Rhoades, Glide Slope equipment is radar equipment that allows Air Traffic Controllers to guide airplanes onto runways simultaneously during inclement weather conditions, such as low ceiling. Mr. Rhoades advises that such equipment will improve the operational efficiency and safety of Airport landings during inclement weather.

The proposed resolution would approve a lease modification between the Airport and the FAA in order for the FAA to (a) increase the leasehold by 0.46 acres, from 0.28 acres to 0.74 acres; and, (b) install, operate, and

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

maintain a third piece of Glide Slope equipment for Runway 28L at the Airport.

Comments:

1. According to Mr. Rhoades, Section 6.7 of the Air Traffic Control Lease (DOT-FA76WE-3702-A), states,

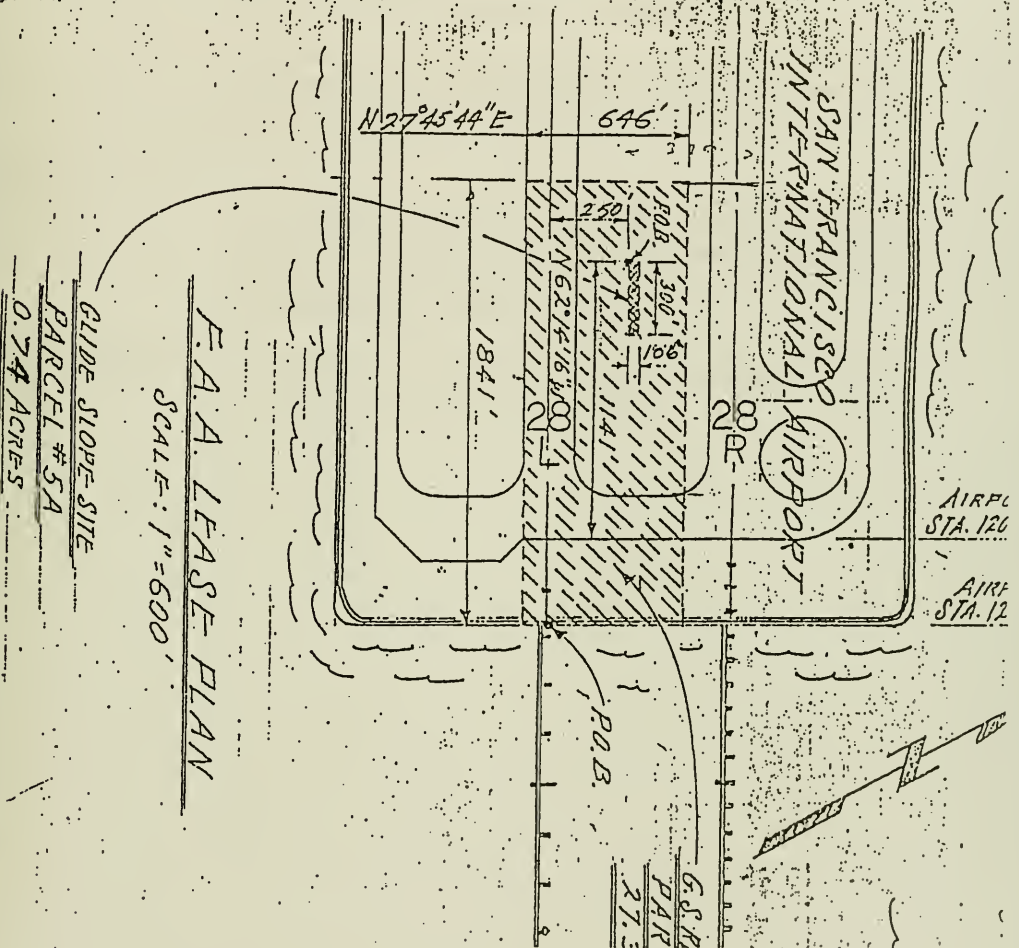
"Whenever so requested the Airport Operator shall furnish without cost to the Federal Government, for construction, operation and maintenance at Federal expense, of facilities for air traffic control activities or weather reporting activities and communication activities related to air traffic control, such areas of land or water, or estate therein, or rights in buildings of the Airport Operator as the FAA may consider necessary or desirable for construction, operation and maintenance of facilities and activities. The approximate amounts of areas and the nature of the property interests and/or rights so required will be set forth by a separate lease."

Mr. Rhoades adds that the subject lease for Glide Slope equipment is a separate lease related to air traffic control and safety. Therefore, there is no rent charged to the FAA for use of the land for the Glide Slope equipment.

2. According to Mr. Rhoades, the additional 0.46 acres, for a total of 0.74 acres, are needed for the installation, operation and maintenance of a third piece of Glide Slope equipment for Runway 28L. Mr. Rhoades advises that the amount of space is determined based on the size of the Glide Slope equipment. Additionally, Mr. Rhoades states that the subject space cannot be practically used for any purpose other than aircraft safety provisions.

3. Mr. Rhoades advises that the FAA would install, operate and maintain the Glide Slope equipment at its own expense and at no cost to the Airport.

Recommendation: Approve the proposed resolution.







Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 7 - File 01-0699

**Department:** Fire Department  
Treasure Island Development Authority

**Item:** Resolution approving a sublease between the City and the Treasure Island Development Authority for the Fire Fighting Training Center located on Treasure Island, at an annual rent of \$1,740,000.

**Comment:** As of the writing of this report, the Fire Department has not provided information requested by the Budget Analyst to prepare a full report on this item. The Budget Analyst therefore recommends that the proposed resolution be continued for one week.

**Recommendation:** Continue the proposed resolution until the Finance Committee meeting of May 30, 2001.



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 8 – File 01-0549

**Note:** This item was continued by the Finance Committee at its meeting of May 16, 2001 (See Comment 3).

**Department:** Fire Department

**Item:** Supplemental Appropriation for the Overtime costs of uniform Firefighters and Investigators in the Fire Department.

**Amount:** \$2,991,267

|                         |  |                |
|-------------------------|--|----------------|
| <b>Source of funds:</b> | General Fund Reserve                       | \$1,626,267    |
|                         | Increased Fire Inspection Services Revenue | 505,000        |
|                         | Increased Fire Plan Checking Revenue       | 360,000        |
|                         | Increased Paramedic Services Revenue       | <u>500,000</u> |
|                         | Total Sources                              | \$2,991,267    |

**Description:** The proposed supplemental appropriation is comprised of the following Overtime:

|                           |                |
|---------------------------|----------------|
| Fire Suppression Overtime | \$2,486,267    |
| Fire Prevention Overtime  | <u>505,000</u> |
| Total                     | \$2,991,267    |

According to a March 15, 2001 letter submitted by Acting Chief of the Fire Department Paul Tabacco, the combined effect of a) Firefighter retirements, which generally occur early each fiscal year, and b) absenteeism resulting from Firefighter use of vacation time, compensatory time, sick leave and disability leave, reduces daily staffing to levels that are not sufficient to meet the minimum daily requirement of 352 Firefighters for Fire Suppression, including Emergency Medical Services personnel. Hence, the Department frequently meets its minimum daily staffing policy of 352 Firefighters by backfilling vacant positions and absences with Firefighters on overtime status, who are paid at time and one half rates.

Based on data submitted to the Budget Analyst, the Fire Department employed, on average, 34.6 Firefighters on overtime per day for the six month period of July of 2000 through December of 2000. During that time, the Department was also hiring and training new Firefighters. Chief Tabacco reports the following new hires since July of 2000:

- 36 H2 Firefighters were hired and trained and were assigned to Fire suppression duty in August of 2000;

- 48 H2 Firefighters were hired and trained and were assigned to Fire suppression duty in November of 2000;
- 47 H3 Firefighter Paramedics were assigned to Emergency Medical Services duty in January of 2001; and,
- 23 H2 Firefighters graduated from training recently, on March 16, 2001 and have been assigned to Fire suppression duty.

As a result of hiring and training a total of 154 new Firefighters and Firefighter Paramedics this Fiscal Year as outlined above, the number of Firefighters on Overtime to meet the department's Minimum Daily Staffing policy of 352 Firefighters for Fire Suppression, including Emergency Medical Services, has decreased from the average of 34.6 per day for the first six months of FY 2000-2001 to approximately 6 per day for the period of January through April of 2001.

In addition to the Overtime needs for Fire suppression, discussed above, Chief Tabacco reports that continued high demand for Fire Inspection services by developers and contractors has resulted in increased Fire Prevention Overtime spending for such services as the Fire Department is often asked to expedite construction inspection services and conduct certain inspection services such as alarm testing before or after normal work hours and on weekends.

Because of the need for high rates of spending for Overtime discussed above, the Fire Department has requested additional Overtime funding for a) Fire Suppression Services in the amount of \$2,486,267 and b) Fire Prevention Services in the amount of \$505,000, for a total supplemental appropriation of \$2,991,267.

The Fire Department has also realized increased departmental revenue in the amount of \$505,000 for Fire Inspection Services Revenue, \$360,000 for Fire Plan Checking Revenue and \$500,000 for Paramedic Services Revenue, for total additional revenues of \$1,365,000, to fund this supplemental appropriation request, together with \$1,626,267 from the General Fund Reserve resulting in a total request of \$2,991,267.

The proposed supplemental appropriation in the amount of \$2,991,267 was based on a projection submitted to the Mayor that used actual expenditures through the pay period ending February 16, 2001. The projection for Fire Department Overtime spending and all Salaries and Fringe Benefit costs, including Overtime is shown below.

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**Fire Department Projection of General Fund Expenditures for Overtime and total Salaries and Fringe Benefits based on Actual Expenditures through February 16, 2001 and Fire Department Spending Plan**

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|  | FY 2000-2001<br>Budget | Actual<br>Expenditures<br>Through Pay<br>Period Ending<br>2/16/2001 | Projected<br>Expenditures<br>Through July 30,<br>2001 | Projected Surplus<br>(Deficit) |
|--|------------------------|---|---|--------------------------------|
| Overtime   | \$7,382,801            | \$9,034,823   | \$11,286,347  | (\$3,903,546)                  |
| All Salaries and Fringe<br>Benefits Including Overtime | \$160,720,343*         | \$106,474,054   | \$163,711,610   | (\$2,991,267)                  |

\* The Fire Department budget figure shown above for all salaries and benefits of \$160,720,343 was \$83,214 less than the correct amount of \$160,803,557.

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As shown in the table above:

- Fire Department Overtime spending through February 16, 2001 of \$9,034,823 already exceeded the Overtime budget amount for the entire fiscal year of \$7,382,801 by \$1,652,022 or 22.4 percent.
- Projected Overtime spending for all of FY 2000-2001 of \$11,286,347 would exceed the Overtime budget amount for the entire fiscal year of \$7,382,801 by \$3,903,546 or 52.9 percent.
- For all General Fund Salaries and Benefits, including Overtime, the Fire Department spending plan projected total spending of \$163,711,610 which is \$2,991,267 or 1.9 percent more than the budget amount for such expenditures of \$160,803,557.

During FY 2000-2001, the Budget Analyst has monitored overtime spending and Firefighter absenteeism data in conjunction with the performance audit and the Zero Base Budget Analysis of the Fire Department directed by the Board of Supervisors.

Based on payroll expenditures incurred since the proposed supplemental appropriation was submitted to the Mayor on March 15, 2001, Fire Department Overtime spending has continued to decline. As noted above, Fire Suppression staffing has increased as new personnel have been assigned to sworn duty, and the number of Firefighters assigned on Overtime to meet the department's Minimum Daily Staffing policy of 352 has consequently decreased. While Overtime spending averaged \$609,805 per pay period during the first six months of FY 2000-2001, average Overtime spending fell to \$133,029 per pay period during the month of March, 2001.

Comments:

1. The Budget Analyst has reviewed the Fire Department's spending plan projections which concludes that the amount needed for the proposed supplemental appropriation is \$2,991,267. The Budget Analyst's review concluded that the Fire Department's projected Overtime spending was at a higher rate for the remainder of FY 2000-2001 in comparison to its most recent actual overtime expenditures. The Budget Analyst then reviewed the spending plan with the Fire Department, to update the spending plan to include expenditure data from subsequent pay periods and reduce the assumed levels of spending for Overtime during the remainder of the fiscal year to reflect recent trends.

Based on this further analysis, the Budget Analyst recommends that the proposed supplemental appropriation can be reduced by \$830,791, from the request of \$2,991,267 to a new total of \$2,160,476. The Fire Department agrees with the recommendation of the Budget Analyst, which would reduce the required funding from the General Fund Reserve from \$1,626,267 to \$795,476.

2. During the performance of the Budget Analyst's Zero Base Budget Review, the Budget Analyst has learned from Fire Department management that more Firefighter personnel have been assigned to the San Francisco Airport than the amount of funds budgeted. Up to as many as 20 Firefighters



have been assigned to the Airport whom the Airport has not funded during the last two fiscal years. The Fire Department and the Mayor's Office are working with Airport staff to account for the funds owed to the General Fund by the Airport for the increased costs of Airport fire protection. The amount of funds owed by the Airport to the General Fund for FY 1999-2000 and FY 2000-2001 is estimated to be \$1,500,000 according to Ms. Christine Ragan, Chief Financial Officer of the Fire Department. Should the Airport reimburse the General Fund by the estimated amount of \$1,500,000, such funds would eliminate the need to provide any monies from the General Fund Reserve, including the reduced amount of \$795,476 as recommended by the Budget Analyst. In addition, receipt of such funds from the Airport would increase the General Fund FY 2000-2001 yearend surplus by approximately \$704,524 (\$1,500,000 less \$795,476).

3. On May 16, 2001 the Finance Committee accepted the Budget Analyst recommendations as outlined below. However, as of the writing of this report, the Budget Analyst has received no new information concerning the resolution of the amount owed by the Airport to the General Fund. The Budget Analyst therefore recommends that the proposed supplemental appropriation again be continued until this matter is resolved.

- Recommendations:
1. Reduce the proposed supplemental appropriation by \$830,791 from \$2,991,267 to \$2,160,476 as follows:
    - Amend page one, line eight of the supplemental appropriation to reduce the amount of funding from the General Fund Reserve by \$830,791 from \$1,626,267 to \$795,476.
    - Amend page one line 22 of the supplemental appropriation to reduce the expenditure amount for Suppression Overtime – Uniform by \$830,791 from \$2,486,267 to \$1,655,476.
  2. Continue the proposed supplemental appropriation, as amended, to the call of the Chair pending resolution of the amount owed by the Airport to the General Fund as noted in Comment 3 above.



Memo to Finance and Labor Committee  
May 23, 2001 Finance and Labor Committee Meeting

Item 9 – File 00-0825

**Department:** Police (SFPD)

**Item:** Hearing to consider the release of reserved funds for the Police Department in the amount of \$1,700,195 in Uniform Salaries.

**Amount:** \$1,700,195

**Source of Funds:** Reserved funds in the Police Department's FY 2000-2001 General Fund Budget

**Description:** During the Finance and Labor Committee's hearings on the proposed FY 2000-2001 budget in June of 2000, the Finance and Labor Committee reserved \$1,700,195 in the Uniform Salaries account "*pending a plan for the hiring and training of additional Police Officers to bring the Department's staffing up to 1,971 full duty Police Officers as required by Charter Section 4.127*". The SFPD's FY 2000-2001 budget proposed hiring 200 new Police Officers.

The table below provides a projection of the Police Department's Overtime expenditures and total Salary and Benefits expenditures (including Overtime) for the remainder of Fiscal Year 2000-2001. This projection is based on all funds appropriated for Salaries and Fringe Benefits, including the reserved funds of \$1,700,195.

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**Projection of Police Department General Fund Expenditures for Overtime and total Salaries and Fringe Benefits based on Expenditures through May 11, 2001**

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|   | FY 2000-2001<br>Budget | Actual<br>Expenditures<br>Through Pay<br>Period Ending<br>4/27/2001 | Projected<br>Expenditures<br>Through July 30,<br>2001 * | Projected Surplus<br>(Deficit) |
|---|------------------------|---|---|--------------------------------|
| Overtime  | \$ 12,852,705          | \$ 14,456,222   | \$ 17,066,402   | \$ (4,213,697)                 |
| All Salaries and Fringe<br>Benefits Including<br>Overtime | 196,974,614**          | 163,191,882   | 196,329,592   | 645,022                        |

\* Projection based on actual spending through April 27, 2001 and projected spending for the remainder of the Fiscal Year.

\*\* Total salaries and fringe benefits budget amount includes all funds appropriated including the reserved amount of \$1,700,195.

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**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

Memo to Finance and Labor Committee  
May 23, 2001 Finance and Labor Committee Meeting

As shown in the table on the previous page, the proposed release of \$1,700,195 in reserved funds would result in a projected year-end surplus of \$645,022 as follows for all Salaries and Fringe Benefits, including Overtime, despite the projected overtime deficit of \$4,213,697:

| <u>Account</u>                                      | <u>Surplus<br/>(Deficit)</u> |
|---|------------------------------|
| Permanent Salaries                                  | \$3,098,742                  |
| Temporary Salaries, Premium and<br>Holiday Pay      | 173,854                      |
| Mandatory Fringe Benefits                           | 1,362,146                    |
| Overtime  | (4,213,697)                  |
| Adjustments from other, non-General<br>Fund sources | <u>223,977</u><br>\$645,022  |

As shown in the table above, the \$4,213,697 Overtime deficit is largely offset by large surpluses in Permanent Salaries in the amount of \$3,098,742 and Mandatory Fringe Benefits in the amount of \$1,362,146.

Comments:

1. During the review of the proposed FY 2000-2001 SFPD budget in June of 2000, the Budget Analyst reported to the Board of Supervisors that the Police Department's recommended appropriation for Overtime expenditures appeared to be underbudgeted by \$2,250,000 compared to FY 1999-2000 Police Overtime spending levels at that time. In fact, the SFPD is now estimating that Overtime expenditures have been underbudgeted by \$4,213,697.

Also, in June of 2000, the Budget Analyst recommended total reductions to the SFPD proposed FY 2000-2001 budget of \$1,645,025, which included reductions of \$1,338,525 for Uniform Salaries and related Mandatory Fringe Benefits. At that time, the Budget Analyst noted that the reductions of \$1,338,525 to the SFPD proposed budget for Uniform Salaries and related Mandatory Fringe Benefits would not impair the SFPD's ability to fund its planned hiring of 200 new Police Officers during FY 2000-2001. The Finance Committee did not accept the recommendation to reduce Uniform Salaries and related Mandatory Fringe Benefits by \$1,333,525, and instead established the subject reserve of \$1,700,195.

2. The SFPD began FY 2000-2001 with 2,077 Police Officers (excluding the Airport Police). Since that time, the Department's sworn staffing has changed as shown in the table below:

**Changes to Police Sworn Staffing Since July 1, 2000  
(Excluding Airport Police)**

Sworn Staffing on July 1, 2000.....2,077

**New Hires**

|   |     |
|---|-----|
| Academy Class Started 9/18/2000 .....               | 44  |
| Academy Class Started January 8, 2001 .....         | 46  |
| Academy Class Started April 16, 2001.....           | 45  |
| Lateral Transfer Class Started April 23, 2001 ..... | 7   |
| Total Hires.....                                    | 142 |

**Attrition:**

|  |       |
|--|-------|
| Service or Disability Retirement .....             | (63)  |
| Resignations .....                                 | (40)  |
| Released/discharged from probationary status ..... | (7)   |
| Deaths.....  | (2)   |
| Total Attrition .....                              | (112) |

Sworn Staffing as of January 8, 2001 .....2,107

In addition to the current sworn staffing of 2,107, the SFPD intends to hire 45 new recruits who will begin the Police Academy on June 25, 2001. Therefore, new hires for FY 2000-2001 will total 187 (142 hired to date and 45 to be hired as of June 25, 2001) and total sworn staffing will increase to 2,152 (2,107 current sworn staff plus 45 new hires). The Police Department will therefore not meet its goal to hire 200 new Police Officers. The SFPD has not met this goal of hiring 200 new Police Officers this fiscal year, primarily because the number of Lateral Transfers to the Department were lower than expected, according to Captain John Goldberg, head of the Police Department's Fiscal Division. The Police Department originally estimated hiring of 25 Officers as Lateral Transfers, recruited from other Police jurisdictions, but were finally able to recruit only seven. If the 25 Lateral Transfers had been successfully recruited, new hires would total 205 in FY 2000-2001 instead of 187 new hires that was attained.



3. In summary therefore, the Police Department will have hired 187 new Police Officers during FY 2000-2001, or 13 less than the planned hiring of 200, while realizing savings in Permanent Salaries of \$3,098,742 and Mandatory Fringe Benefits of \$1,362,146 that will total \$4,460,888. These surplus Salaries and Mandatory Fringe Benefits are largely offset by deficit Overtime spending of \$4,213,697. Overall, as noted above, the Police Department is projecting a surplus in Salaries and Mandatory Fringe Benefits, including Overtime, of \$645,022. The Budget Analyst has reviewed this projection and agrees with the projected \$645,022 surplus.

4. Captain Goldberg also reports that the Department of Human Resources currently estimates that the Police Department's Workers' Compensation budget has a projected deficit of approximately \$700,000 for FY 2000-2001, and that the \$645,022 surplus will be needed, along with anticipated surpluses in other, non-salary accounts, to offset the projected deficit. The Budget Analyst has reviewed the projected Workers' Compensation deficit of \$700,000 and agrees with the SFPD projected deficit for Workers Compensation based on Workers Compensation expenditures through the first nine months of the fiscal year.

5. Because of the projected \$645,022 surplus in Salaries and Fringe Benefits, including Overtime, the Budget Analyst recommends that the Finance Committee reduce this subject request of \$1,700,195 by \$645,022 to \$1,055,173 and therefore approve the release of reserved funds in the amount of \$1,055,173 (\$1,700,195 less \$645,022). The Budget Analyst further recommends that the Finance Committee direct the Controller to use such remaining reserved funds in the amount of \$645,022 only to offset other Police Department non-salary deficits, including Workers Compensation, at the close of FY 2000-2001 and specifically not to authorize the use of such funds for additional Overtime. Any remaining unspent funds can then be added to the City's FY 2000-2001 General Fund year-end surplus.



- Recommendations:**
1. Reduce this request for a release of \$1,700,195 for Police Department Uniform Salaries by \$645,022 to \$1,055,173.
  2. Direct the Controller to use such remaining reserved funds only to offset other Police Department non-salary deficits at the close of FY 2000-2001 and to specifically not to authorize the use of such surplus funds for Overtime.
  3. Approve the release of reserved Uniform Salary funds in the amount of \$1,055,173.



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 10 - File 01-0759

**Department:** Department of Human Services (DHS)

**Item:** Hearing to consider the release of reserved funds in the amount of \$811,317 for Department of Human Services' leases.

**Amount:** \$811,317

**Source of Funds:** FY 2000-2001 DHS budget

**Description:** During the FY 2000-2001 budget review, the Board of Supervisors appropriated and reserved \$1,309,200 for DHS leases.

DHS is requesting release of \$811,317. Based on the Budget Analyst's review, the total amount needed is \$807,474, or \$3,843 less than the request.

**Budget:** The proposed budget for six new leases, two amended leases, and other lease adjustments is \$807,474, as shown in the table below.

|   |                  |
|---|------------------|
| 3120 Mission Street, new lease (6/1/01 to 6/30/01 or one month)   | \$77,700         |
| (less sublease payments)  | (11,475)         |
| 1800 Oakdale Avenue, new lease (1/1/01 to 6/30/01 or 6 months)  | 4,193            |
| 3801 Third Street, new lease (12/1/00 to 6/30/01 or 7 months)   | 133,409          |
| 165 Capp Street, new lease (1/1/01 to 6/30/01 or 6 months)  | 78,000           |
| 745 Franklin Street, new lease (2/1/01 to 6/30/01 or 5 months)  | 17,200           |
| 1650 Mission Street, new lease (3/1/01 to 6/30/01 or 4 months)  | 28,000           |
| 1650 Mission Street, 2 <sup>nd</sup> Floor, amendment of existing lease<br>(11/1/00 to 6/30/01 or 8 months) | 58,350           |
| 1650 Mission Street, 3 <sup>rd</sup> Floor, amendment of existing lease<br>(11/1/00 to 6/30/01 or 8 months) | 361,344          |
| Other lease adjustments   | <u>60,753</u>    |
| <b>Total</b>  | <b>\$807,474</b> |

Comments:

1. As of the writing of this report, the proposed lease for the Career Link One Stop Center at 3120 Mission Street has been recommended for approval by the Finance Committee and is pending before the Board of Supervisors (File 01-0764).

2. According to Ms. Rose Chow of DHS, DHS leased space at 1800 Oakdale Avenue for the Bayview Hunters Point Career Center, effective January 1, 2001. The total lease cost for this space is \$4,193 (1,792 square feet of space @ \$0.39 per square foot per month, or \$699 per month, totaling \$4,193 for 6 months). This lease was not subject to Board of Supervisors approval because the monthly rent is less than \$1,000 (Administrative Code Section 23.19).

3. The Board of Supervisors approved a new lease at 3801 Third Street to occupy three office suites for the DHS Family and Children Services Unit, effective December 1, 2000 (File 00-1707). The total lease cost in FY 2000-2001 for this space is \$133,409 (9,207 square feet @ \$2.07 per square foot per month, or \$19,058 per month, totaling \$133,409 for 7 months).

4. The Board of Supervisors approved a new lease at 165 Capp Street for the Mission Neighborhood Resource Center, effective January 1, 2001 (File 00-2007). The total lease cost in FY 2000-2001 for this space is \$78,000 (6,500 square feet @ \$2.00 per square foot, or \$13,000 per month, totaling \$78,000 for 6 months).

5. Ms. Chow states that DHS entered into a new lease at 745 Franklin Street for the Career Link One Stop Center<sup>1</sup>, effective February 1, 2001. The total lease cost in FY 2000-2001 for this space is \$17,200 (2,606 square feet @ \$1.32 per square foot per month, or \$3,440 per month, totaling \$17,200 for 5 months). The subject lease was not subject to Board of Supervisors approval because it is a month-to-month lease for less than \$5,000 per month (Administrative Code Section 23.26).

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<sup>1</sup> According to Ms. Chow, the Career Link One Stop Center at 745 Franklin Street is a satellite office of the main Career Link One Stop Center at 3120 Mission Street, providing some but not all of the services available at 3120 Mission Street.

6. According to Ms. Chow, DHS has entered into a sublease at 1650 Mission Street for office space for the DHS Contracts Division, effective March 1, 2001. Ms. Chow states that DHS is subleasing this space from the Private Industry Council, a nonprofit organization, which vacated the subject space prior to March 1, 2001. The total sublease cost in FY 2000-2001 is \$28,000 (3,500 square feet @ \$2.00 per square foot per month, or \$7,000 per month, totaling \$28,000 for 4 months).

7. The Board of Supervisors approved two amendments to an existing lease at 1650 Mission Street to lease space on the second and third floors for office space for the DHS Adult Services Unit, effective November 1, 2000 (File 00-0784). The lease cost in FY 2000-2001 for the second floor is \$58,350 (1,945 square feet @ \$3.75 per square foot per month, or \$7,294 per month, totaling \$58,350 for 8 months). The lease cost in FY 2000-2001 for the third floor is \$361,344 (10,210 square feet @ \$4.42 per square foot, or \$45,168 per month, totaling \$361,344 for 8 months).

6. As shown in Attachment I, provided by DHS, DHS is also requesting \$59,867 for increased operational and janitorial expenses in existing leases and \$4,685 for a rental rate increase at 50 Van Ness Avenue, offset by a net reduction of \$3,799 in other expenses, for a total request of \$60,753 (\$59,867, plus \$4,685, less \$3,799).

7. The attached memorandum (Attachment II), provided by Ms. Sally Kipper of DHS, provides an explanation of the request by DHS to continue to reserve \$319,200 for the Family Assessment Center. According to Ms. Kipper, of the amount of \$319,200, approximately \$111,720, or 35 percent are General Fund monies, and \$207,480, or 65 percent, are State and Federal monies.

8. The Budget Analyst notes that DHS has already incurred expenditures for the subject leases and considers retroactive approval of the requested release of \$807,474 to be a policy matter for the Board.

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

9. Of the total amount of \$1,309,200 held on reserve, the Budget Analyst considers retroactive release of \$807,474 to be a policy matter for the Board of Supervisors, as noted in Comment 8, and recommends holding \$319,200 on reserve (see Comment 7) and returning \$182,526 which is not needed to the General Fund (\$804,474, plus \$319,200, plus \$182,526, totaling \$1,309,200).

- Recommendations:
1. Retroactive approval of the release of \$807,474 is a policy matter for the Board of Supervisors, as noted in Comment 8.
  2. Continue to reserve \$319,000 and return \$182,526 in unneeded funds to the General Fund, as noted in Comment 9.



## City and County of San Francisco

## Department of Human Services



Trent Rhorer  
Acting Executive Director

Deputy Directors  
Janice Anderson-Santos (acting)  
Jim Buick  
Sally Kipper

|  | Rent Budget and Site Details |                 |          |        | Total Cost | FY 2000-2001 Budget | Surplus/ (Deficit) |
|--|------------------------------|-----------------|----------|--------|------------|---------------------|--------------------|
| Location                                     | Sq. Ft.                      | Cost/ Sq Ft/ Mo | Rate/ Mo | Months |            |                     |                    |
| <u>New Leases</u>                            |                              |                 |          |        |            |                     |                    |
| 3120 Mission St, Career Link One Stop Center | 37,000                       | \$2.10          | \$77,700 | 1      | \$77,700   | \$0                 | (\$77,700)         |
| 3120 Mission St, Sublease payments           |                              |                 |          |        | (11,475)   | 0                   | 11,475             |
| 1800 Oakdale Ave, Room 123                   | 1,792                        | 0.39            | 699      | 6      | 4,193      | 0                   | (4,193)            |
| 3801 Third Street, Rm 114, 200, and 235      | 9,207                        | 2.07            | 19,058   | 7      | 133,409    | 0                   | (133,409)          |
| 165 Capp St                                  | 6,500                        | 2.00            | 13,000   | 6      | 78,000     | 0                   | (78,000)           |
| 745 Franklin St                              | 2,606                        | 1.32            | 3,440    | 5      | 17,200     | 0                   | (17,200)           |
| 1650 Mission St                              | 3,500                        | 2.00            | 7,000    | 4      | 28,000     | 0                   | (28,000)           |
| <u>Subtotal, New Leases</u>                  |                              |                 |          |        |            |                     | (\$327,027)        |
| <u>Expansion of Existing Space</u>           |                              |                 |          |        |            |                     |                    |
| 1650/2 Mission St                            | 1,945                        | 3.75            | 7,294    | 8      | 58,350     | 0                   | (58,350)           |
| 1650/3 Mission St                            | 10,219                       | 4.42            | 45,168   | 8      | 361,344    | 0                   | (361,344)          |
| <u>Subtotal, Expansion of Existing Space</u> |                              |                 |          |        |            |                     | (\$419,694)        |
| <u>Add-Ons to Existing Leases</u>            |                              |                 |          |        |            |                     |                    |
| 1235 Mission St, Operational Expenses        |                              |                 |          |        | 24,880     | 0                   | (24,880)           |
| 1235 Mission St, OSHA Citation               |                              |                 |          |        | 300        | 0                   | (300)              |
| 1650/2 Mission St, Operational Expenses      |                              |                 |          |        | 44,591     | 19,368              | (25,223)           |
| 1650/3 Mission St, Operational Expenses      |                              |                 |          |        | 11,091     | 10,212              | (879)              |
| 160 S Van Ness Ave, Janitorial Expenses      |                              |                 |          |        | 32,400     | 28,800              | (3,600)            |
| 225 Valencia St, Janitorial Expenses         |                              |                 |          |        | 27,444     | 23,844              | (3,600)            |
| 50 Van Ness Ave, Operational Expenses        |                              |                 |          |        | 10,181     | 8,796               | (1,385)            |
| <u>Subtotal, Add-Ons to Existing Leases</u>  |                              |                 |          |        |            |                     | (\$59,867)         |
| <u>Rental Rate Increase</u>                  |                              |                 |          |        |            |                     |                    |
| 50 Van Ness Computer Lab                     |                              |                 |          |        | 73,445     | 68,760              | (4,685)            |
| <u>Subtotal, Rental Rate Increase</u>        |                              |                 |          |        |            |                     | (\$4,685)          |
| <u>Other Adjustments</u>                     |                              |                 |          |        |            |                     |                    |
| Rent, 1650 Mission St                        |                              |                 |          |        | 196,127    | 193,513             | (2,614)            |
| Parking Garages                              |                              |                 |          |        | 193,920    | 193,325             | (595)              |
| Rent, 1800 Oakdale                           |                              |                 |          |        | 27,337     | 34,345              | 7,008              |
| <u>Subtotal, Other Adjustments</u>           |                              |                 |          |        |            |                     | \$3,799            |
| Total  |                              |                 |          |        |            |                     | (\$807,474)        |

FY 00-01 Rent Budget Sheet

Source: Department of Human Services

## City and County of San Francisco

## Department of Human Services

Trant Rhorer  
Executive DirectorDeputy Directors  
Janice Anderson Santos (Acting)  
Jim Buick  
Sally Kipper

May 17, 2001

## MEMO

To: Severin Campbell, Budget Analyst Office *SK*

From: Sally Kipper, Deputy Director - Administration

Re: Family Assessment Center

This is to give you a little background on the Family Assessment Center as a basis for our request to maintain and carry forward the current year rent allocation attached to it.

In 1998 the City, over the Mayor's signature, issued a statement of commitment to plan for an interdisciplinary Family Assessment Center. It includes commitments from several City departments and nonprofit child welfare service providers. The goal of the center is to provide collaborative and comprehensive services to traumatized children who have been removed from abusive or neglectful parents and to their families. It is intended that DPH Mental Health and Family Court Services staff will be co-located there.

In 1999 the Board passed Resolution #1114-99 to authorize the Department of Human Services to accept and expend grants from the Zellerbach Family Fund and the Stewart Foundation to hire a consultant to work on planning and implementation of a family assessment center.

The department and the consultant have identified a 46,000 sq. ft building, with 37,520 sq ft of outdoor space, at 3rd St. and Cesar Chavez. The outdoor space is critical because there will be significant traffic in and out of the center associated with visits by natural parents, foster parents with kids and service partners, and for supervised outdoor activities for children and their families. We are in negotiation with the landlord and his developer on a rental rate. They are currently at \$2.4M, which is too high. Real Estate is working on comps so that we can bring the rate down. We are trying very hard to make this site work because it has been extremely difficult and time consuming to locate appropriate space.

Once that is finalized, we will be bringing a lease to the Board. Upon approval of the lease, permit and construction work will begin. We anticipate that it will take six to eight months to ready the building for occupancy from the point of agreement on the rental rate.

We currently have \$1 Million budgeted for rent for the center in 01/02. Based on preliminary negotiations, we know that won't be enough, even for six months. The ability to carry forward the \$320,000 on reserve would therefore help us.

Severin Campbell  
May 17, 2001  
Page 2

The feds are looking at the center a pilot project and are expected to allocate the \$1 Million as a 100% federal cost. (We don't have that in writing yet, and the \$1M will probably be reserved in our budget until we do.) The \$320,000 will be claimed as a regular overhead cost, which is shared 35% County, 65% state/fed.

Please call me at 557-6378 if you have questions or need additional information.



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Item 11- File 01-0731

**Department:** Department of Administrative Services  
Convention Facilities Management (CFM)

**Item:** Release of reserved funds in the amount of \$610,100 for the replacement of audio visual control security system equipment for the security room at the Moscone Convention Center security room.

**Amount:** \$610,100

**Source of funds:** 1994 Moscone Lease Revenue Bonds and 1994 San Francisco Redevelopment Agency Hotel Tax Revenue Bonds in the amount of \$32,117,349 were appropriated, and \$22,973,795 was placed on reserve, by the Board of Supervisors in April of 1995 for Moscone Convention Center capital improvements.

**Description:** In 1995 a supplemental appropriation for \$32,117,349 was approved for funding (1) debt service payments for capital improvements to the Moscone Convention Center, and (2) construction of the Children's Center on the roof of the Moscone Convention Center South.

The Board of Supervisors placed on reserved \$22,973,795 of the \$32,117,349 to fund various capital improvement projects for the Moscone Convention Center (File 101-94-76) because, contractors had not yet been selected and detailed budgets had not yet been prepared which fully identified the use of those funds. To date \$3,753,591 has been released from the reserve by the Board of Supervisors with \$19,220,204 remaining in reserve.

According to Mr. Leonard Tom of Convention Facilities, the subject \$610,100 for the replacement of audio visual control security system equipment for the security room is being sought at this time to replace existing equipment at the Moscone Convention Center that is more than 20 years old. The anticipated completion date of this project is the end of calendar year 2001.

BOARD OF SUPERVISORS  
BUDGET ANALYST

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Budget: A summary of the proposed expenditure of the reserved funds is shown below.

| Amount        | Description  |
|---------------|--|
| \$22,300      | Design and specifications by TEECOM <sup>1</sup>   |
| 20,000        | Site preparation by the Moscone Center Joint Venture <sup>2</sup>                                  |
| 483,300       | Equipment and Installation by W. Bradley Electric Inc. (only competitive bid submitted; see below) |
| 29,000        | Supervision by Department of Public Works <sup>3</sup>   |
| <u>55,500</u> | Contingency (9.1 percent of the total project cost)  |
| \$610,100     | Total  |

According to Mr. Leonard Tom of the San Francisco Convention Facilities, only one bid, from W. Bradley Electric Inc., was received by the Convention Facilities Management for the audio visual control security system equipment for the security room at the Moscone Convention Center. The Attachment to this report is a memorandum, provided by Mr. Tom of CFM, containing additional data pertaining to this request.

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<sup>1</sup> TEECOM would complete design and specification work. TEECOM, is an information technology and building system integration consultant. TEECOM is a design contractor for the Moscone West development project, selected through a competitive Request for Proposal (RFP) process.

<sup>2</sup> The site preparation efforts include the replacement of carpeting, installation of lighting and security room reconfiguration and would be completed by the Moscone Center Joint Venture, consisting of SMG and Thigpen Limited, Inc. The Moscone Joint Venture is fully responsible under the direction of the City, for managing, operating and maintaining the Bill Graham Civic Auditorium and Moscone Center. Specifically, Moscone Joint Venture's responsibilities include: (1) contracting with others for their use of the convention facilities; (2) promoting the use of the convention facilities; (3) conducting event management activities; (4) recruiting, employing, supervising and paying employees; and (5) maintaining the convention facilities and the equipment therein.

<sup>3</sup> DPW supervision is being carried out by a Project Manager II (class 5504) at a cost of \$104 per hour for approximately 279 hours worth of work.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

**Comment:** According to Mr. Tom, the existing security room desk console area would be replaced with new equipment that meets current ergonomic standards. The audio visual control security system to be purchased would also allow a digital recording system and would provide real time recording ability to archive security incidents.

**Recommendation:** Approve the requested release of reserved funds in the amount of \$610,100.

## City and County of San Francisco

## San Francisco Convention Facilities



Willie Lewis Brown, Jr.  
Mayor

Jack Moerschbaecher  
Director

## MEMORANDUM

DT: May 15, 2001  
TO: Pascal St. Gerard  
FM: Leonard Tom *LT*  
RE: Moscone Security Room Equipment Release of Reserve

I am sending this memo to respond to your recent questions regarding our request for a release of reserve by the Finance Committee of the Board of Supervisors.

1. There were no other competitive bids to W. Bradley Electric, Inc. In December 2000, the City Purchaser issued a request for bids for the Security Room Equipment. No bids were submitted on the bid due date in January 2001. Subsequent contacts with potential suppliers yielded only Bradley making a response that was considered adequately responsive to the City's requirements.
2. Additional supervisory services are needed to plan and coordinate the design and implementation of this equipment replacement request. The existing security equipment is twenty plus years old and current technology is required to replace outdated equipment and upgrade our capabilities. Further, the new equipment will serve the expansion of the convention center (Moscone West) as well as the existing facility. DPW can provide the expertise necessary to develop the equipment specifications, select the equipment supplier and oversee the installation. This will be far more cost effective and efficient than training and relying on contractors to provide the same service.
3. TEECOM is an information technology and building systems integration consultant. They have the technical expertise to prepare the equipment specifications for the security control room. They are a part of the design team for Moscone West so they are well familiar with the IT needs of our systems and are a logical choice for preparation of the specifications. TEECOM also happens to be an HRC-certified, Woman-Owned, Business Enterprise.
4. Per my response in 3. Above, TEECOM was already available to the City by existing contract so this work is an addition to their scope of services.
5. DPW supervision is being carried out by a Project Manager 2 (class 5504) who has a thorough understanding of our requirements, and the technical expertise and experience to successfully coordinate and supervise this equipment upgrade. The current cost charged by DPW for the PM 2 is \$104 per hour, including salary, fringe, paid time off and departmental overhead. The budgeted amount for DPW supervision is sufficient to pay for 279 hours of coordination and supervision time. This is about seven weeks spread out over a period of a year or so.
6. Site preparation for this effort (\$20,000) includes removal and replacement of carpeting, paint, lighting etc. within the security room. Materials and labor will be provided by Moscone Center Joint Venture (operator of the Moscone Convention Center) and coordinated with the equipment supplier.

If you have any other questions please call me at 978-5905.

Attachment

Cc: J. Moerschbaecher

CFM projects/security 051501

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting  
Item 12 - File 01-0815

**Department:** Department of Administrative Services  
Department of Elections

**Item:** Resolution approving a new lease of real property located at 1667 Market Street on behalf of the Department of Administrative Services, for the Department of Elections.

**Location:** 1667 Market Street, at Gough Street

**Lessor:** The Kerson Family Trust/ Silberstein & Constantine Holdings, LLC

**Lessee:** Department of Elections

**No. of Sq. Ft. and Monthly Rental:** 18,500 square feet at a monthly rent of \$57,291.67 per month (approximately \$3.10 per square foot per month).

**Annual Rent:** \$687,500 annually at the same rate for all five years of this proposed lease.

**Term of Lease:** Five years, beginning approximately September 1, 2001

**Right of Renewal:** Option to renew for an additional five years at 95 percent of the then fair market value, as determined by independent appraisals obtained by the Division of Real Estate and the lessor.

**Source of Funds:** General Fund to be included in the FY 2001-2002 budget of the Department of Elections

**Lessor Services:** Lessor would be responsible for taxes, insurance, maintenance of the structural components of the building (i.e., roof, foundation, exterior, etc.) and HVAC and elevator maintenance as well as janitorial, water, sewer, trash and miscellaneous repairs.

Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

**Lessee**

**Responsibilities:** The City would be responsible for the Department's pro rata share of any increase in the Lessor's operating costs in excess of the 2002 base year. In addition, the City would be responsible for gas and electrical services and any other direct operational costs of the Department within the premises.

**Tenant Improvements:** The proposed resolution would require the Lessor to construct and pay for tenant improvements, as requested by the City, of up to \$650,000. The City would be required to pay for any requested tenant improvements exceeding \$650,000. The subject lease also states that if the tenant improvements cost less than \$650,000, the Lessor would pay the differential amount of up to \$650,000 to the Department of Elections to offset their costs associated with relocation to the new facility (See Comment No. 3).

**Comments:** 1. According to Mr. Ara Minasian of the Department of Administrative Services, there are currently 16 FTE staff (8 Permanent positions and 8 Temporary positions) employed in the Department of Elections. The Department of Elections FY 2000-2001 budget authorizes 39 FTE staff (15 Permanent positions and 24 Temporary positions). Mr. Minasian advises that during a Fall election season, which extends from approximately September through early January, the Department hires additional Temporary staff, expanding up to 126 additional employees.

Mr. Minasian advises that the Department has proposed an expansion of the existing 15 FTE Permanent positions to 24.75 FTE Permanent positions, an increase of 9.75 new FTE Permanent positions in the upcoming FY 2001-2002 budget. According to Mr. Minasian, it is anticipated that the level of Temporary staffing will remain the same, at approximately 24 FTE Temporary positions, although the funding for such Temporary positions is anticipated to increase by \$50,000 from \$850,000 in the current fiscal year to \$900,000 in FY 2001-2002, due to an adjustment in the pay

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

scales for such employees. Overall, the current 39 FTE staff is therefore requested to increase to 48.75 FTE staff. According to Ms. Taylor Emerson of the Mayor's Office, the Mayor's proposed FY 2001-2002 budget is anticipated to include these 48.75 FTE positions and an additional \$396,638 for salaries for the Department of Elections.

2. As discussed in Attachment I, provided by Ms. Mary Hobson of the City Architects Office, the Department of Elections currently occupies 12,790 square feet of ground floor of space in City Hall on a year-round basis. This 12,790 square feet of space includes two large ballot storage rooms, comprising a total of 2,090 square feet, that were originally used by City Hall Building Operations to store City Hall building supplies (i.e., paper towels, toilet paper, heat pumps, air filters, etc.). According to Ms. Emerson, the purchase of City Hall building supplies has been reduced and such supplies are currently being temporarily stored throughout the basement of City Hall, which reduces the efficiency of the building's operations.

3. The proposed resolution would approve a new lease for 18,500 square feet of office and storage space for the Department of Elections, on a year-round basis. Therefore, the proposed lease would provide 5,710 square feet of additional office and storage space for the Department (18,500 square feet proposed less 12,790 square feet existing space).

In addition, the Department currently rents approximately 7,000 square feet of warehouse space at Pier 29 from the Port at a cost of approximately \$5,600 per month (\$67,200 annually) for storing old ballots and equipment needed on election days. The Department advises that if the proposed new lease is approved, the Department would still require the Pier 29 warehouse space for additional storage purposes.

Ms. Emerson advises that during the November of 2001 election period, the Election Department's

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BUDGET ANALYST



activities expanded to additional conference rooms, the basement corridors, and adjacent hallways for a total of an additional 7,720 square feet of space. According to Ms. Christiane Hayashi of the Department of Elections, during the November of 2000 elections, the Department also rented additional space for two days at Bill Graham Auditorium and for approximately two to three weeks at Brooks Hall. Mr. Minasian advises that, since this space was available, the Convention Facilities Division provided this space to the Department of Elections at no additional cost. These additional facilities were required to assemble the ballots, canvass each of the precincts and fully review the counts. Mr. Philip Paris of the Department of Elections advises that, if the proposed new lease is approved, the Department would not need to rent any additional space during the election period, as was previously necessary.

Ms Hayashi advises that using these temporary facilities that were not immediately adjacent to the Department's offices, as well as using various other cramped spaces in City Hall resulted in significant additional staff time and inefficiencies that would not occur if the Department's offices and assembly space were located together. In addition, Ms. Emerson notes that the Department was required to spend approximately \$75,000 to repair the tile and historic marble that was damaged by the Election Department's equipment and activities that occurred in the corridors of City Hall. Ms. Hayashi advises that although a substantial amount of staff time was unnecessarily expended because of insufficient space available for the Department of Elections, she cannot estimate the amount of additional time and costs that were expended. Ms. Emerson advises that the proposed FY 2001-2002 budget assumes that staffing efficiencies will occur with this new lease, although the exact amount cannot be quantified as of the writing of this report.

As indicated in Attachment I, the Department has also requested that if the proposed new lease is

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BUDGET ANALYST



approved, that approximately 800 square feet of office space be maintained for the Department of Elections in City Hall to facilitate public access for the Department.

If the proposed 18,500 square foot lease is approved, and the Department retains the 7,000 square foot warehouse space on Pier 29 and maintains an 800 square foot office in City Hall, the Department of Elections total office and storage space would be 26,300 square feet. As discussed above, the Department currently has a total of 19,790 square feet of office and storage space (12,790 square feet in City Hall and 7,000 square feet on Pier 29). Therefore, the total proposed office and storage space for the Department would increase from 19,790 square feet to 26,300 square feet, an increase of 6,510 square feet, or a 32.9 percent increase on an ongoing basis. Ms. Emerson notes that, as indicated above, the Department of Elections also required an additional 7,720 square feet of space during the November of 2000 election period, such that according to Ms. Emerson's calculations, the subject lease actually results in a loss of 1,210 square feet. However, the Budget Analyst notes that the additional 7,720 square feet of space was not needed for the entire year, but only during the height of the election season and the additional 7,720 square feet of space did not result in any additional rental expenses for the City, such that the proposed lease will result in an increase of 6,510 square feet, or a 32.9 percent increase and an additional annual cost of \$687,500 on an ongoing basis.

4. Attachment II, provided by the Mayor's Office shows a preliminary relocation project budget of \$1,140,000, of which \$607,750 is for tenant improvements and \$42,250 for Design/Coordination services, which total \$650,000. This amount of \$650,000 would be paid by the Lessor. As of the writing of this report, the Department does not have detailed cost estimates for the proposed \$650,000. Ms. Hobson advises that she anticipates

receiving detailed cost estimates from the contractor by May 18, 2001.

As shown in Attachment II, the Department anticipates that as part of the total estimated relocation budget of \$1,140,000, an estimated \$490,000 would be required to complete the move, including funds for Space Planning and Furniture<sup>1</sup> (\$117,000), Moving costs (\$10,000), Project Management (\$13,000) and Data/Voice Wiring and Equipment (\$350,000). This estimated \$490,000 would need to be funded with General Fund revenues. Mr. Minasian advises that, although the proposed budget as shown in Attachment II identifies \$350,000 for the Department of Telecommunications and Information Services (DTIS), DTIS has advised the Department of Elections that the actual cost will be approximately \$600,000, or \$250,000 more than shown on Attachment II, for all of the telecommunications, data wiring, new PacBell lines and wire connections to City Hall that would be required to make the new Department of Elections space fully operational. However, as of the writing of this report, DTIS could not provide detailed cost estimates to the Budget Analyst.

Therefore, the Budget Analyst notes that the proposed total relocation budget for the Department of Elections would be \$1,390,000 (\$1,140,000 as shown in Attachment II, plus \$250,000 for DTIS), of which the lessor would pay for \$650,000, such that the City would be responsible for funding \$740,000 of one-time expenses from the General Fund. Ms. Emerson advises that any additional DTIS costs, not included in Attachment II, would need to be funded through DTIS's annual \$1 million Citywide allocation for telephone services. Ms. Emerson advises that, if the proposed lease is approved, the Mayor's Office anticipates including \$572,917

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<sup>1</sup> All furniture purchased for City Hall is required to stay in City Hall, such that the Department of Elections would not be permitted to move any of their existing furniture to the new lease site.

(based on an estimated ten months of occupancy from September 1, 2001 through June 30, 2002) for the new lease costs and \$490,000 for the one-time improvements, or total costs of \$1,062,917 in the Department of Elections FY 2001-2002 budget.

5. Mr. Steve Legnitto of the Department of Real Estate advises that the proposed office space includes two floors plus the mezzanine in the building at 1667 Market Street. According to Mr. Legnitto, the proposed monthly rental rate of \$3.10 per square foot, or \$37.20 annually per square foot represents the current fair market value for the subject property. According to Mr. Legnitto, the original lease was to extend for ten years, but, the lease was reduced to the proposed period of five years, in order to enable the Department of Elections to potentially relocate after five years to a City-owned facility.

6. Mr. Paris advises that if the proposed resolution is approved, the Department would move into the proposed new space in early September of 2001, resulting in 10 months of rent for FY 2001-2002. According to Mr. Paris, this move would enable the Department to be fully operational in the new space for the November of 2001 election.

7. According to Ms. Hobson, if the proposed lease is approved, it has not yet been decided who will move into the Department of Elections current space in City Hall. Of the 12,790 square feet of space currently occupied by the Department of Elections, 2,090 square feet would be used by City Hall Building Operations for storage of building supplies and according to Ms. Hobson, 800 square feet of space is being requested by the Department of Elections, leaving a balance of 9,900 square feet of space. Ms. Emerson advises that decisions about backfilling the space at City Hall would have to consider: (1) individual City department space needs, (2) appropriate fit of the existing space with workflow and public interaction, and the (3) potential for reduced expenditures in existing City leases. If a City Department moves from existing

leased space to City Hall, there would be a savings, potentially to the City's General Fund, for such leased expenses, which could partially or fully offset the proposed increased relocation costs for the Department of Elections. However, an estimate of such offset savings is not known at this time and it is not known at this time if any department plans to leave their existing leased facility and move into the Department of Elections current basement space in City Hall, according to Ms. Emerson.

8. In summary, the proposed resolution would authorize the Department of Elections to lease 18,500 square feet of space at 1667 Market Street and to move out of the 12,790 square feet of space in the basement of City Hall. The annual rental costs of the new lease would be \$687,500. The Department does not currently pay for use of City Hall space. In addition, one-time costs of up to \$1,390,000 are projected, of which the landlord would pay \$650,000 and the remaining \$740,000 would be a City expense. Of the City's \$740,000 obligation, \$490,000 would be new General Fund expenses and the remaining \$250,000 would be paid from DTIS's \$1 million annual appropriation for City-wide telephone services. There could be some offset of existing leased costs if another General Fund department relocates from leased space and is transferred into the current Department of Elections space in City Hall. However, as of the writing of this report, there is no estimate of such offset savings in leased costs or whether any department will vacate their existing leased space.

Recommendation: Approval of the proposed new lease for the Department of Elections is a policy matter for the Board of Supervisors.



## OFFICE OF THE CITY ARCHITECT

WILLIE L. BROWN, JR.  
MAYOR

ANTHONY E. IRONS  
CITY ARCHITECT

### Memorandum

To: Taylor Emerson  
From: Mary Hobson  
Date: May 2, 2001  
Subject: Evaluation of the Assessor's Office as a Possible Back-fill Tenant  
for City Hall Office Space Vacated by the Department of Elections

The Department of Elections currently occupies 12,790 square feet of ground floor office space in City Hall on a year-round basis. The department will vacate this area when it relocates later this year.

Included in the 12,790 square feet of Elections space, are two large ballot storage rooms originally utilized by City Hall Building Operations to store building supplies. It is recommended that these two rooms be returned to their original function. This will reduce the available space to be back-filled by other City departments to 10,700 square feet. In addition, it is the request of the Department of Election that approximately 800 square feet of office space be reserved by them for use as a satellite office to facilitate public access.

The area available is currently broken into 17 individual rooms. The space has two reception areas, three private offices, one conference room, one public access file room, 2 secured file storage rooms, and 7 rooms containing open office designed to accommodate approximately 35 people.

At your request I have completed a brief study of whether the Assessor's Office staff currently located at 875 Stevenson is a good match to back fill the space. It is my opinion that with minor building modifications, this group could effectively use the space. It is also my opinion, that with space plan and furniture modifications the space could be more efficiently utilized. The Assessor's Office could then be accommodated within a portion of the available area, and the remaining space would then be available for use by another City department.

Our office is in the process of identifying other possible City Departments that may be interested in the available space. While the Assessor's Office from 875 Stevenson is a possible candidate, I recommend that a more detailed evaluation be made before a final decision is made. I have attached is brief analysis of my findings. Please feel free to contact me to discuss this further.

Cc: Ryan Brooks, Admin. Services  
Yomi Agunbiadi, City Architect's Office



ELECTIONS RELOCATION  
PRELIMINARY PROJECT BUDGET

Relocation of Elections to 1667 Market Street

| Relocation of Elections to 1667 Market Street |                              | Preliminary Budget | City Budget |              |
|---|------------------------------|--------------------|-------------|--------------|
|   |                              |                    | FY 00/01    | FY 01/02     |
| Tenant Improvements                           | TBD                          | \$607,750.00       | \$0.00      | \$0.00       |
| Design/Coordination                           | Komorous Towey Architects    | \$42,250.00        | \$0.00      | \$0.00       |
| Space Planning & Used Furniture               | Interior Motion              | \$117,000.00       | \$0.00      | \$117,000.00 |
| Move Services                                 | Lynch & Sons                 | \$10,000.00        | \$0.00      | \$10,000.00  |
| Project Management                            | Office of the City Architect | \$13,000.00        | \$0.00      | \$13,000.00  |
| * Data/Voice Wiring & Equipment               | DTIS                         | \$350,000.00       | \$0.00      | \$350,000.00 |
|   | Total:                       | \$1,140,000.00     |             |              |
|   | Total Owner Financed:        | \$650,000.00       |             |              |
|   | Total City Financed:         | \$490,000.00       | \$0.00      | \$490,000.00 |

\* DTIS budget is very preliminary. More accurate figures will be available after a 5/8 site tour.



Item 13 - File 01-0816

**Departments:** Department of Administrative Services, Real Estate  
Division (RED)  
Department of Public Health (DPH)

**Item:** Resolution authorizing a new lease of 4,945 square feet at  
1500 Howard Street for the Department of Public Health's  
Community Mental Health Services Mobile Crisis  
Treatment Team, which is currently located at 1380  
Howard Street.

**Location:** The proposed lease is for the rental of space located on the  
ground and second floors of 1500 Howard Street.

**Lessor:** ARC San Francisco (formally the Association for Retarded  
Citizens), a non-profit agency

**Lessee:** City and County of San Francisco, acting by and through  
DPH.

**No. of Sq. Ft. and  
Cost Per Month:** 4,945 square feet at a monthly rental rate of \$13,000  
(approximately \$2.63 per square foot). On an annual basis,  
rent would total \$156,000 (approximately \$31.55 per  
square foot per year).

**Annual Rent  
Increases:** None over the 5 year term of the lease.

**Utilities:** Provided by the landlord.

**Janitorial Services:** To be provided by the City at an estimated annual cost of  
\$11,868.

**Term of Lease:** Anticipated commencement date is July 1, 2001 through  
June 30, 2006 (five years).

**Right of Renewal:** Two options of five years each to extend the term of the  
lease. Each option to extend would increase the rent to 95  
percent of the then current fair market value as determined  
by the Real Estate Division for space of comparable size,  
age, quality, and location within the Civic Center area of  
the City.

**Source of Funds:** Rental payments will be funded by 68 percent State and Federal grants and 32 percent General Fund monies, subject to appropriation approval by the Board of Supervisors in the DPH annual budget.

**Description:** The proposed resolution would authorize a new five year lease of 4,945 square feet of space at 1500 Howard Street from the ARC San Francisco, a non-profit agency. This space would accommodate DPH's Community Mental Health Services Mobil Crisis Treatment Team, which is expanding by nine positions, from 19 to 28 employees, in FY 2001-2002. According to Ms. Judy Schutzman of DPH, such new positions will be subject to Board of Supervisors approval as part of the acceptance of a new grant from the State Department of Mental Health, anticipated to be received in June of 2001. Ms. Schutzman reports that no General Fund monies would be used to fund these nine new grant-funded positions. According to Ms. Schutzman, DPH anticipates hiring the nine staff members by September of 2001. The Community Mental Health Services Mobil Crisis Treatment Team provides outreach to persons in crisis who are reported by the public, the Police Department and merchants as in need of emergency mental health intervention.

Ms. Schutzman advises that the 19 existing employees of the Community Mental Health Services Mobil Crisis Treatment Team currently occupy 1,370 square feet of leased space at 1380 Howard Street (approximately 72 square feet per employee). Under the proposed lease, these 19 employees would move to 1500 Howard Street. In addition to the 19 existing employees who would relocate from 1380 Howard Street to 1500 Howard Street, DPH plans to expand the Community Mental Health Services Mobil Crisis Treatment Team by nine additional employees, for a total of 28 employees who would occupy the 4,945 square feet of space at 1500 Howard Street. The new location at 1500 Howard Street would provide the 28 employees with approximately 176.6 square feet per employee, which is approximately 104.6 square feet more than the current average space of 72 square feet of space per employee (1,370 square feet divided by 19 employees) at 1380 Howard Street. According to Mr. Charlie Dunn of the Real Estate Division, the typical amount of space per City employee ranges from 175 to 225 square feet.

Currently, the Community Mental Health Services Mobil Crisis Treatment Team operates 7 days per week for 14 hours per day. The expansion of the Community Mental Health Services Mobil Crisis Treatment Team by nine new employees will allow such services to be provided 24 hours per day, 7 days per week.

Comments:

1. Mr. Dunn reports that the proposed monthly rent of \$13,000 represents fair market value.

2. According to Ms. Shutzman, the proposed lease requires DPH to pay a maximum of \$27,335 for the City's share of improvement costs for paint, carpet, electrical work, and for the remodeling of the entrance on Howard Street, which currently does not meet Americans with Disabilities Act requirements. According to Ms. Schutzman, DPH will spend an additional \$12,665 for telephone installation costs, for a maximum of \$40,000 in improvement and telephone installation costs. According to Ms. Schutzman, General Fund monies, which would be subject to appropriation approval by the Board of Supervisors, would fund the entire amount of \$40,000 for improvement and telephone installation costs. Ms. Schutzman advises that such improvement and telephone installation costs are included in DPH's proposed FY 2001-2002 budget. Mr. Dunn reports that the landlord will be responsible for any improvement costs above the \$27,335 paid by the City. According to Mr. Dunn, as of the writing of this report, details on the total improvement costs are not available.

3. According to Ms. Schutzman, the 1,370 square feet of leased space at 1380 Howard Street that would be vacated by Community Mental Health Services Mobil Crisis Treatment Team would be occupied by other DPH staff now occupying other leased space at that location in order to alleviate overcrowding. Ms. Schutzman states that, while 375 DPH staff currently occupy approximately 70,000 square feet at 1380 Howard Street, the average of 186.7 square feet per employee is not representative of the state of overcrowding that currently exists at that location. Ms. Schutzman notes that this approximately 70,000 square feet of space includes common areas and space occupied by machinery at the DPH computing center at that location. According to Ms. Schutzman, DPH currently utilizes every

desk space available at 1380 Howard, and, for the last two years, has had a minimum of ten of its employees using desks that have been placed in hallways for lack of space. The space vacated by the Community Mental Health Services Mobil Crisis Treatment Team would reduce the number of employees at 1380 Howard Street from 375 to 356, and increase the average square feet per employee from 186.7 to 196.7.

4. Because the proposed lease includes space for nine new grant-funded positions, which have not yet been approved by the Board of Supervisors, the proposed resolution is a policy matter for the Board of Supervisors.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 14 – File 01-0819

Department: Sheriff

Item: Resolution approving the Controller's certification that the Pretrial Court Diversion Services for inmates in the City and County of San Francisco can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 2001, than if the work were performed by City employees.

Services to be Performed: Pretrial Court Diversion Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Pretrial Court Diversion Services for FY 2001-2002 would result in estimated savings as follows:

|  | Lowest<br>Salary<br><u>Step</u> | Highest<br>Salary<br><u>Step</u> |
|--|---------------------------------|----------------------------------|
| <u>City-Operated Service Costs</u>       |                                 |                                  |
| Salaries                                 | \$628,807                       | \$744,667                        |
| Fringe Benefits                          | <u>177,844</u>                  | <u>196,057</u>                   |
| Total                                    | \$806,651                       | \$940,724                        |
| <br><u>Estimated Total Contract Cost</u> | <br>606,000                     | <br>606,000                      |
| <br><u>Estimated Savings</u>             | <br><u>\$200,651</u>            | <br><u>\$334,724</u>             |



Memo to Finance Committee  
May 23, 2001 Finance Committee Meeting

Comments:

1. The Pretrial Court Diversion Services Project diverts selected misdemeanor offenders from the criminal justice system and places such offenders in the Pretrial Diversion Project to receive case management and referral to services such as vocational training, job placement, counseling, and substance abuse treatment.
2. The Sheriff's Department reports that this service was first certified as required under Proposition J, (Charter Section 10.104) in FY 1977-78 and has been continuously provided by an outside contractor since that time.
3. The prior one-year contract with the San Francisco Pre-Trial Diversion Project, the non-profit organization which provides the Pretrial Court Diversion Services, expires on June 30, 2001. The Sheriff's Department wishes to enter into a new contract for FY 2001-2002. Approval of the proposed resolution is required before the expired contract with the San Francisco Diversion Project can be renewed for FY 2001-2002.
4. The Estimated Total Contract Cost used for the purpose of this analysis is the San Francisco Pretrial Court Diversion Services' projected FY 2001-2002 cost for the Pretrial Court Diversion Services.
5. The estimated FY 2001-2002 Estimated Total Contract Cost of \$606,000 is the same as the FY 2000-2001 cost. According to Mr. Mikhael Hart of the Sheriff's Department, the cost will remain the same in FY 2001-2002 because the contractor will absorb cost-of-living increases.
6. The Controller's supplemental questionnaire with the Department's responses is attached to this report.

Recommendation: Approve the proposed resolution.



## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Page 1 of 1

DEPARTMENT: SHERIFFCONTRACT SERVICES: San Francisco Pretrial Diversion Project –  
Court Diversion and Referral ServicesCONTRACT PERIOD: JULY 1, 2001 – JUNE 30, 2002

- (1) Who performed the activity/service prior to contracting out?  
Service was initially funded through Federal grant monies and service workers performed the duties.
- (2) How many City employees were laid off as a result of contracting out?  
None
- (3) Explain the disposition of employees if they were not laid off.  
(Not applicable)
- (4) What percentage of City employees' time is spent of services to be contracted out?  
None
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?  
Services have been provided via contract since 1977. It is likely that the Sheriff's Department will continue to contract them out.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?  
These services were first certified through Proposition J in Fiscal Year 1977-78. They have been certified each subsequent fiscal year.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?  
Because a non-profit organization provides the services, the MBE/WBE Plan is not affected.
- (8) Does the proposed contractor provide health insurance for its employees?  
Yes
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?  
The contractor offers the same benefits to employees with spouses as those with registered domestic partners in full compliance with the ordinance.
- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?  
Yes

Department Representative: JEAN MARIANI, Chief Financial OfficerTelephone Number: (415) 554-4316



Item 15 – File 01-0820

Department: Sheriff

Item: Resolution approving the Controller's certification that the Own Recognizance Services for arrestees in the City and County of San Francisco can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 2001, than if the work were performed by City employees.

Services to be Performed: Own Recognizance Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Own Recognizance Project for FY 2001-2002 would result in estimated savings as follows:

|  | Lowest<br>Salary<br>Step | Highest<br>Salary<br>Step |
|--|--------------------------|---------------------------|
| <u>City-Operated Service Costs</u>       |                          |                           |
| Salaries                                 | \$769,306                | \$915,902                 |
| Fringe Benefits                          | <u>215,145</u>           | <u>237,746</u>            |
| Total                                    | \$984,451                | \$1,153,648               |
| <br><u>Estimated Total Contract Cost</u> | <br><u>797,171</u>       | <br><u>797,171</u>        |
| <br><u>Estimated Savings</u>             | <br><u>\$187,280</u>     | <br><u>\$356,477</u>      |

Comments:

1. The Own Recognizance (O.R.) Project interviews persons arrested on non-warrant felony charges and certain misdemeanors who are booked into custody and are not immediately bailed or cited. The interviews provide information for the Municipal Court to determine whether the person should be released on their own recognizance.

2. The Sheriff's Department reports that the O.R. Project was first certified under Proposition J, (Charter Section 10.104), in FY 1977-78 and has been continuously provided by an outside contractor since that time.

3. The prior one-year contract with the San Francisco Institute for Criminal Justice-O.R. Project, a non-profit organization that provides the O.R. Project, expires on June 30, 2001. The Sheriff's Department plans to enter into a new contract for FY 2001-2002.

4. The Estimated Total Contract Cost used for the purpose of this analysis is the San Francisco Institute for Criminal Justice O.R. Projects' projected FY 2001-2002 cost for the Own Recognizance Project.

5. The Estimated Total Contract Cost of \$797,171 for FY 2001-2002 is \$15,119 or about 1.9 percent more than the FY 2000-2001 cost of \$782,052. According to Mr. Mikhael Hart of the Sheriff's Department, the increased cost is due to the combination of (a) a cost of living adjustment and (b) an increase in fringe benefits.

6. The Controller's supplemental questionnaire with the Department's responses is attached to this report.

Recommendation:

Approve the proposed resolution.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Page 1 of 1

DEPARTMENT: SHERIFFSan Francisco Institute for Criminal JusticeCONTRACT SERVICES: Own Recognizance (OR) ProjectCONTRACT PERIOD: JULY 1, 2001 – JUNE 30, 2002

- (1) Who performed the activity/service prior to contracting out?  
Prior to contracting out, the service was not previously provided.
- (2) How many City employees were laid off as a result of contracting out?  
None
- (3) Explain the disposition of employees if they were not laid off.  
(Not applicable)
- (4) What percentage of City employees' time is spent of services to be contracted out?  
None
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?  
Services have been provided via contract since 1966. It is likely that the Sheriff's Department will continue to contract them out.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?  
These services were first certified through Proposition J in Fiscal Year 1977-78. They have been certified each subsequent fiscal year.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?  
Because a non-profit organization provides the services, the MBE/WBE Plan is not affected.
- (8) Does the proposed contractor provide health insurance for its employees?  
Yes
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?  
The contractor offers the same benefits to employees with spouses as those with registered domestic partners in full compliance with the ordinance.
- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?  
Yes

Department Representative: JEAN MARIANI, Chief Financial OfficerTelephone Number: (415) 554-4316





Item 16 – File 01-0821

Department: Sheriff

Item: Resolution approving the Controller's certification that County Jail Food Service Management operations for the City and County of San Francisco can continue to be practically be performed by a private contractor at a lower cost for the year commencing July 1, 2001, than if the work were performed by City employees.

Services to be Performed: County Jail Food Service Management

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for Jail Food Service Management services for FY 2001-2002 would result in estimated savings as follows:

|                                      | Lowest<br>Salary<br><u>Step</u> | Highest<br>Salary<br><u>Step</u> |
|--------------------------------------|---------------------------------|----------------------------------|
| <u>City-Operated Service Costs</u>   |                                 |                                  |
| Salaries                             | \$1,417,220                     | \$1,678,040                      |
| Fringe Benefits                      | <u>419,975</u>                  | <u>460,662</u>                   |
| Total                                | \$1,837,195                     | \$2,138,702                      |
| <u>Estimated Total Contract Cost</u> | <u>1,465,731</u>                | <u>1,465,731</u>                 |
| <u>Estimated Savings</u>             | <u>\$371,464</u>                | <u>\$672,971</u>                 |

Comments: 1. Jail Food Service Management operations consist of the administrative oversight and provision of meals at six County jails that provide housing to inmates.

2. Jail Food Service Management services were first certified, as required under Proposition J (Charter Section 10.104), in 1980 and have been continuously provided by an outside contractor since that time.

3. Mr. Mikhael Hart of the Sheriff's Department advises that the current contract with Aramark Correctional Services expired April 30, 2001 but the Purchasing Department has extended it through June 30, 2001.

4. The Estimated Total Contract Cost used for the purpose of this analysis is based on the current contractor's, Aramark Correctional Services, projected FY 2001-2002 costs to provide County Jail Food Services Management operations. However, Mr. Hart of the Sheriff's Department advises that the Purchasing Department will issue a competitive bid request for these services in May or June of 2001. Mr. Hart advises that it is anticipated that the current contract would be extended on an interim month-to-month basis into Fiscal Year 2001-2002 until a new contract is awarded to the successful bidder.

5. The Controller's supplemental questionnaire with the Department's responses is shown attached to this report.

Recommendation: Approve the proposed resolution.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Page 1 of 1

DEPARTMENT: SHERIFF  
Aramark Correctional Services –  
CONTRACT SERVICES: Food Services for Jail Inmates  
CONTRACT PERIOD: JULY 1, 2001 – JUNE 30, 2002

- (1) Who performed the activity/service prior to contracting out?  
City employees, including a Food Service Administrator, Chefs and Cook, provided this service prior to 1980.
- (2) How many City employees were laid off as a result of contracting out?  
None
- (3) Explain the disposition of employees if they were not laid off.  
The Food Service Administrator's position was vacant. Departments with similar classifications hired 5 Chefs and 1 Cook. The Mayor's Office deleted the positions from the FY 1994-95 budget.
- (4) What percentage of City employees' time is spent of services to be contracted out?  
None
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?  
These services have been contracted out since 1980. It is likely that the Sheriff's Department will continue to contract them out, either with Aramark, or with another vendor selected through RFP.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?  
These services were first certified through Proposition J in Fiscal Year 1980-81. They have been certified each subsequent fiscal year.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?  
The Department will continue to request a waiver for these services, which are highly specialized and were competitively bid. The Purchasing Department plans to re-bid these services during Fiscal Year 2001/02.
- (8) Does the proposed contractor provide health insurance for its employees?  
Yes
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?  
Aramark provides benefits to employees with spouses. The Department and Aramark will resubmit the required Contract-by-Contract renewal request to the Human Rights Commission to confirm Aramark's continued *local* compliance with the ordinance.
- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?  
Yes.

Department Representative: JEAN MARIANI, Chief Financial OfficerTelephone Number: (415) 554-4316



Item 17 – File 01-0824

Department: Port of San Francisco

Item: File 01-0824

Release of reserved funds in the amount of \$472,390 for the purchase of a new Computerized Facilities Maintenance Management System for the Port's Maintenance Division.

Amount: \$472,390

Source of funds: \$7,550,000 in loan proceeds obtained from the Canadian Imperial Bank of Commerce originally appropriated by the Board of Supervisors (File No. 173-97-3).

Description: In June of 1995, the Board of Supervisors approved a Supplemental Appropriation allocating \$7,550,000 from loan proceeds obtained from the Canadian Imperial Bank of Commerce for a capital project to relocate the Port's Maintenance Facility from Pier 46B to Pier 50. The Board of Supervisors reserved \$6,052,714 of these funds pending identification of a contractor and submission of budget details. These funds were originally appropriated to fund improvements related to the relocation of the Port Maintenance Facility due to the construction of Pacific Bell Ballpark at China Basin. On four occasions, the Board of Supervisors has released portions of the reserved funds for various projects, as shown below:

| Description                       | Date       | Amount      |
|-----------------------------------|------------|-------------|
| Funds Initially Placed on Reserve | June, 1997 | \$6,025,714 |

| Reserve Funds Released   | Date            | Amount      |
|--|-----------------|-------------|
| Roof repairs, design and engineering services  | December, 1997  | \$2,353,464 |
| Site improvements at Pier 50   | January, 1998   | 1,482,800   |
| Construction work on parking shelters at Pier 50                                       | July, 1999      | 565,870     |
| Install new 8 inch firemain and engineering services for sprinkler system plan Pier 50 | September, 1999 | 25,500      |
| Total Release from Reserve   |                 | \$4,427,634 |

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

According to Ms. Imani Haygood of the Port, the subject \$472,390 in reserved funds would be used to purchase a new Computerized Facilities Maintenance Management System for the Port's Maintenance Division. According to Ms. Haygood, this system would enable the Port to more effectively manage its maintenance schedules, chart work flow and allow Port staff to analyze workload data.

According to Ms. Haygood, the Port Commission directed Port staff to issue a Request for Proposal (RFP) on December 20, 2000 to software vendors to provide the Port with the necessary software and consulting services.

According to Ms Haygood, the RFP was distributed to approximately 15 vendors and six vendors submitted proposals. Upon review of the proposals by an evaluation team<sup>1</sup>, the three vendors considered the most qualified were invited to formally present their proposals and demonstrate their software, according to Ms. Stephanie Downs of the Port. A list of the six vendors responding to the RFP is as follows:

| Vendor                     | Product                       | Score <sup>2</sup>     |
|----------------------------|-------------------------------|------------------------|
| Wonderware Corporation     | Avantis                       | 2,843                  |
| PSDI                       | Maximo                        | 2,771                  |
| Prism Computer Corporation | Famis                         | 2,500                  |
| Datastream Systems         | MP5                           | Not invited to present |
| Sussex Business Systems    | Sussex Work Management System | Not invited to present |
| CSI-Maximus                | Facility Focus                | Not invited to present |

The evaluation team selected the *Avantis* software product from Wonderware Corporation as the most responsive and qualified bidder under the criteria set forth in the RFP. A summary budget for this project is

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<sup>1</sup> The evaluation team consisted of representatives from the Port's Maintenance, Real Estate, Maritime, Accounting and Information Systems Divisions.

<sup>2</sup> The Port used the following weighted criteria items to evaluate the vendor submittals: functionality; product support from the vendor; integration, compatibility; implementation and migration; vendor experience; cost and corporate history and stability.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



provided below. Attachment I to this report is a memorandum, provided by Ms. Downs of the Port containing additional information pertaining to the RFP selection process.

|         |                  |                                 |
|---------|------------------|---------------------------------|
| Summary | \$155,450        | Software license                |
| Budget: | 25,140           | First Year Software Maintenance |
|         | 196,800          | Implementation Consulting       |
|         | <u>45,000</u>    | User Training                   |
|         | \$422,390        | Subtotal                        |
|         | <u>50,000</u>    | Contingency                     |
|         | <b>\$472,390</b> |                                 |

Attachment II provided by Ms Downs contains additional budget details.

**Comments:**

1. According to Ms. Haygood, the Port's current Facilities Maintenance system is an antiquated system that is difficult to maintain. Ms. Haygood states that the Port's primary goals in implementing the new system are as follows:

- a.) Improved Customer Support and responsiveness to the needs of current tenants (and prospective tenants).
- b.) Improved Facilities Maintenance Business Process
- c.) Improved Availability and Access to Facilities Maintenance Data
- d.) Improved Organization of Facilities Management Data
- e.) Improved Technical Support
- f.) Reduced Reliance on Custom Applications

2. According to Ms. Downs, the Port anticipates that the new system will be operational in four to five months.

**Recommendation:** Approve the request to release reserved funds in the amount of \$472,390.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



## MEMORANDUM

May 16, 2001

**TO:** Pascal St. Gerard  
Budget Analyst

**FROM:** Stephanie Downs  
Finance Manager

**SUBJECT:** Selection of Facility Maintenance Management System Vendor

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In February 2001 the Port received six proposals in response to an RFP to software vendors to provide a Facility Maintenance Management System. The six respondents and their products were as follows:

| <b>Company</b> | <b>Product</b>                  |
|----------------|---------------------------------|
| Wonderware     | Avantis                         |
| PSDI           | Maximo                          |
| Prism          | FAMIS                           |
| CSI Maximus    | Facility Focus                  |
| Sussex         | Sussex Business Work Management |
| Datastream     | mp5                             |

The CSI Maximus, Sussex, and Datastream proposals were deemed to be non-responsive to the Port's needs as outlined in the RFP by the evaluation team. The three other respondents were invited to provide live demonstrations of their software.

Avantis was selected for several reasons. Most importantly, the evaluation team felt that the Avantis product was technologically superior to the competitors. Written in C++, the product is fully integrated with other Windows applications, which gives users a consistent look and feel from the desktop as well as leveraging their existing skills. Avantis provides a scalable application with a unique flexibility that can be utilized to create work requests as well as being an analytical tool for long-term strategic planning.

Functionally, the Avantis product meets and exceeds the Port's requirements as stated in the RFP. The preventive maintenance, scheduling, and inventory tracking components give the Port the ability to effectively control maintenance costs and increase the productive utilization of personnel. The package offers workflow automation, bar coding, scanning, and PDA support. Other vendor proposals offered some of these features but only Avantis offered all of them with technological innovation and simplicity of use.

The implementation methodology proposed by Avantis was systematic and thorough. The process includes site assessment, business process flows designed and built, best practice workshops, and an installed database that is pre-built to our specific configuration with tailored drop down lists, views, and sample data. With over 800 installed clients, Avantis brings a team with strong business analysis expertise as well as thorough product knowledge to successfully plan and manage the implementation process.



Finally, the system provides for easy access to information. Employing user-defined views called cabinets, users are able to retrieve and analyze the data to produce custom designed reports and inquiries.

If you have any further questions about this project, please call me at 274-0442.



## MEMORANDUM

May 17, 2001

TO: Pascal St. Gerard  
Budget Analyst

FROM: Stephanie Downs  
Finance Manager

SUBJECT: Budget for Facility Maintenance Management System Vendor

Pursuant to your request, the breakdown of the budget for the Facility Maintenance Management system is as follows:

|  |                  |
|--|------------------|
| Software license = 20 users x \$7,772.50     | \$155,450        |
| First Year Software Maintenance <sup>1</sup> | 25,140           |
| Implementation:                              |                  |
| Project Management 208 hr. x \$225/hr.       | 46,800           |
| Technical Consultants 100 hr. x \$187.50/hr. | <u>150,000</u>   |
| Total Implementation                         | 196,800          |
| User Training:                               |                  |
| Training Materials \$150 x 20 users          | 3,000            |
| Training Preparation 80 hr. x \$187.50/hr.   | 15,000           |
| End User Training 144 hr. x \$187.50/hr.     | <u>27,000</u>    |
| Total User Training                          | <u>45,000</u>    |
| Subtotal                                     | \$422,390        |
| Contingency for unforeseen issues            | <u>50,000</u>    |
| Total Project Budget                         | <u>\$472,390</u> |

If you have further questions, please call me at 274-0442.

Item 18 - File 01-0827

**Department:** Port Commission

**Item:** Resolution approving a new lease agreement with Corzac, Inc., doing business as Jelly's - A Dance Café, and the City and County of San Francisco operating by and through the San Francisco Port Commission for restaurant space at Pier 50.

**Lessor:** City and County of San Francisco

**Lessee:** Corzac, Inc. doing business as (dba) Jelly's - A Dance Café

**No. of Square Feet:** Approximately 10,212 square feet, including 3,388 square feet of indoor restaurant space and 6,824 square feet of outdoor deck and eight parking spaces, located at Pier 50.

**Amount Payable by Jelly's to the Port Under the Existing Lease:** According to Mr. Mark Lozovoy of the Port, in December of 1993, Corzac, Inc., dba Jelly's - A Dance Café (the lessee), took over the remaining two and a half years of an existing three-year lease between the Port and Olive Oil's, a restaurant, for 4,520 square feet of space at Pier 50 (see Comment No. 3). This 4,520 square feet of leased space includes 3,388 square feet of indoor restaurant space and 1,132 square feet for an outdoor deck. Since the expiration of this three-year lease in July of 1996, Jelly's has maintained occupancy of the 4,520 square feet of space on a month-to-month holdover of the original lease. Under the existing month-to-month lease for approximately 4,520 square feet between the Port and Jelly's, rent payable by Jelly's to the Port is the greater of: (a) \$2,806.17 per month (approximately \$0.62 per square foot per month), or \$33,674 per year (approximately \$7.45 per square foot per year) or (b) seven percent of gross receipts. Mr. Lozovoy reports that Jelly's paid \$47,140 in total rent in Calendar Year (CY) 2000 (seven percent of gross receipts of \$673,429).

Amount Payable by  
Jelly's to the Port  
Under the Proposed  
Lease:

Under the proposed ten-year lease agreement, Jelly's would lease an additional 5,692 square feet of outdoor space immediately in front of the American cuisine restaurant as well as outdoor space for a proposed patio to be located near the restaurant's entrance, for a total of 10,212 square feet (4,520 square feet of space under the existing month-to-month lease plus 5,692 square feet under the proposed new lease) and a total of 8 parking spaces. Jelly's would be required to pay to the Port base rent in the amount of \$2,806.17 per month while the tenant improvements are being constructed but this construction period should not exceed 270 days, or approximately 9 months. The monthly base rent paid during the construction period of \$2,806.17 is the same amount of monthly base rent currently paid by Jelly's under the existing month-to-month lease. During the 270-day construction period, Jelly's would not be required to pay the Port a percentage of gross receipts (see Comment No. 2). Mr. Lozovoy estimates that if Jelly's were to pay percentage rent during the nine month period, an estimated \$35,355 would be paid to the Port instead of the base rent of \$25,256 which will be paid to the Port during the construction period, a difference of \$10,099. Mr. Lozovoy reports that Jelly's will not be in operation during the construction period. The restaurant will be closed during the period of construction, anticipated to be January 31, 2002 through September 30, 2002, according to Mr. Lozovoy. Operation of the restaurant is anticipated to begin on October 1, 2002, according to Mr. Lozovoy.

At the end of the construction period on the 271<sup>st</sup> day of the subject lease period, rent would be adjusted to the greater of (a) \$5,000 per month (an increase of 78 percent from \$2,806.17 per month), or \$60,000 per year, or (b) the total of 7 percent for restaurant food and bar sales, plus 9 percent for take-out food sales, plus 9 percent for retail sales. Mr. Lozovoy estimates that annual rent in the first year of the renovated restaurant's operation, CY 2003, based on a percentage of gross receipts could be \$60,969 (see Attachment I).



According to Mr. Lozovoy, there would be no rent adjustment on the first and second anniversary of the commencement date of the proposed new lease because, in lieu of an annual Consumer Price Index (CPI) increase, there will be a fixed increase of 12 percent on the third anniversary of the lease. On the third anniversary of the lease, rent would be adjusted to the greater of (a) \$5,600 per month (an increase of 12 percent from \$5,000 per month), or \$67,200 per year, or (b) the total of 7 percent for restaurant food and bar sales, plus 9 percent for take-out food sales, plus 9 percent for retail sales. Rent would be adjusted on the fourth anniversary of the commencement date by the annual percentage increase in the CPI.

On the fifth anniversary of the commencement date, the base rent would be adjusted to equal the then current fair market value of such property. The Port, using a market comparison approach, would determine the fair market value adjustment after five years. The adjustment would take into account: (a) land values in the general vicinity of the waterfront, (b) the location and size of the premises covered by leases of comparable space, and (c) the duration of the comparable leases. Jelly's would have the opportunity to dispute the prevailing market rate determined by the Port, as provided for in the proposed lease. If an agreement between the Port and Jelly's on the prevailing market rate cannot be reached, then unresolved disputes between the two parties would be resolved by the joint hiring of an independent appraiser. The annual base rent on or after the adjustment date cannot be less than the annual base rent in effect immediately prior to the adjustment date. Subsequent annual increases in the rent for the remaining five years of the 10 year lease will be made based on the annual percentage increase in the CPI.

**Purpose of Lease:** 10-year lease of approximately 10,212 square feet of Port property for restaurant space at Pier 50.

**Term of Lease:** The proposed lease would commence when Jelly's has obtained the necessary building permits, anticipated to occur on or before January 31, 2002, and would expire 10

years thereafter (approximately January of 2012 – see Comment No. 1).

Right of Renewal: None.

Description: The proposed resolution would approve a 10-year lease, negotiated on a sole source basis by the Port with the existing tenant of Pier 50, Jelly's – A Dance Café. Mr. Lozovoy states that the proposed 10-year lease was negotiated on a sole source basis with Jelly's in accordance with the provisions of the Port's 1993 Policy for Leasing Retail Business Sites. This Policy states that normal requirements for competitive bidding of Port property may be waived in cases where the Port Commission determines that the existing retail tenant (1) is a tenant in good standing; (2) is committed to making a significant capital investment supported by a sound business plan; (3) the tenant is the best economic tenant available, based on (a) sales and revenues to the Port, (b) rent comparables, and (c) a stable growth pattern; and (4) the tenant has a good record of affirmative action and nondiscrimination. According to Mr. Lozovoy, the Port Commission determined that Jelly's meets all of the criteria for the award of a sole source lease that were established in the Port's Policy for Leasing of Retail Business Sites (see Comment No. 5).

**Required Improvements  
Under Proposed**

Lease: Under the terms of the proposed lease, Jelly's would be required to complete, at their own expense, improvements to the subject site, including the addition of two bathrooms, repair of Jelly's outdoor deck, electrical and plumbing improvements, and various other improvements including painting and general refurbishing at an estimated cost of \$270,000 (see Attachment II). This work must be completed within the first 270 days, or nine months, of the proposed new lease, anticipated to commence on January 31, 2002. Under the terms of the lease, the improvements to the subject property would revert to the Port at the expiration of the Lease.

Comments: 1. The term of this lease would commence when Jelly's has obtained building permits from (1) the Bay

Conservation and Development Commission (BCDC) and (2) the Port, which, according to the proposed lease, would be on or before January 31, 2002. Mr. Lozovoy advises that the proposed lease would not become effective if Jelly's fails to obtain both of the specified permits by January 31, 2002.

2. According to Mr. Lozovoy, no percentage rent will be payable to the Port until the improvements are completed (within 270 days) because Jelly's will not be open for business during the 9-month construction period, anticipated to be January 31, 2002 through September 30, 2002. Mr. Lozovoy advises that during the 9-month construction period, Jelly's will only pay to the Port monthly base rent in the amount of \$2,806.17, or \$25,256.

3. Mr. Lozovoy reports that the proposed base monthly rent of \$5,000 effective on the 271<sup>st</sup> day of the proposed lease represents fair market value.

4. According to Ms. Lisa Clay of the City Attorney's Office, the Olive Oil's Restaurant was able to transfer their lease to Jelly's in December of 1993 because, according to the lease agreement, the lease could be assigned by the existing tenant to a new tenant, with the consent of the Port. Jelly's assumed all the obligations of the existing tenant under the prior lease. Such assignment was not subject to Board of Supervisors approval, according to Ms. Clay.

Ms. Clay reports that Jelly's has occupied the 4,520 square feet of space at Pier 50 for the past approximately 4 years and 11 months on a month-to-month holdover of the original lease that expired in July of 1996. When Jelly's original 3-year lease expired in July of 1996, according to Mr. Lozovoy, Jelly's was not prepared to commit to making a significant capital investment in the restaurant, which is one of the provisions of the Port's 1993 Policy for Leasing Retail Space for an existing retail tenant to enter into a long-term lease with the Port. Ms. Clay advises that there is no maximum length of time that a retail tenant is able to occupy Port space on a month-to-month basis.

According to Ms. Clay, Jelly's month-to-month tenancy was not subject to Board of Supervisors approval because anticipated revenue during the one-month term of the lease did not exceed \$1 million. The original lease with Olive Oil's was not subject to approval by the Board of Supervisors because it did not meet the requirement of Charter Section 9.118 of having anticipated revenue of more than \$1 million or having a term in excess of 10 years. Mr. Lozovoy advises that the proposed lease is subject to Board of Supervisors approval because this lease is for a 10-year period and the total revenues over the 10-year period may exceed \$1 million.

5. The Port's Policy for Leasing of Retail Business Sites adopted by the Port Commission in April of 1993 established that, in order to obtain a long-term lease through direct negotiation (i.e. without a competitive bid), existing businesses would, among other requirements previously noted, have to make a significant investment in leasehold improvements. Mr. Lozovoy reports that Jelly's has submitted a business plan to the Port, and has made an investment commitment to leasehold improvements. However, because the proposed lease has been negotiated without a competitive bid process, the Budget Analyst considers approval to be a policy matter for the Board of Supervisors.

6. Attachment I, provided by the Port, provides estimates on projected rent to the Port during CY 2002 through 2006.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Projected Rent to Port  
Jelly's - A Dance Café

| Year | Gross<br>Sales  | Percentage<br>Rate | Percentage<br>Rent | Base<br>Rent | Total Rent<br>to Port |
|------|-----------------|--------------------|--------------------|--------------|-----------------------|
| 2002 | \$ 197,950.00   | 0.07               | \$ 13,856.50       | \$ 40,255.00 | \$ 40,255.00          |
| 2003 | \$ 870,983.00   | 0.07               | \$ 60,968.81       | \$ 60,000.00 | \$ 60,968.81          |
| 2004 | \$ 948,080.00   | 0.07               | \$ 66,365.60       | \$ 60,000.00 | \$ 66,365.60          |
| 2005 | \$ 986,003.00   | 0.07               | \$ 69,020.21       | \$ 67,000.00 | \$ 69,020.21          |
| 2006 | \$ 1,025,443.00 | 0.07               | \$ 71,781.01       | \$ 67,000.00 | \$ 71,781.01          |

NOTES:

Total rent to Port in first year (2002) is based on: 9 months at \$2,806.17(Construction Rent) and 3 months at \$5,000.00 (Base Rent)

Source: Port Commission

**Leasehold Improvements**

|   |                   |
|---|-------------------|
| Exterior building addition for 2 accessible bathrooms | \$100,000         |
| Exterior accessible entries to areas of remodeling    | 15,000            |
| Exterior railing system                               | 19,000            |
| Exterior asphalt repair                               | 8,000             |
| Exterior paint  | 8,000             |
| Exterior Landscaping                                  | 8,000             |
| Exterior deck and benches                             | 18,000            |
| Exterior awning                                       | 6,000             |
| Interior electrical upgrade                           | 23,000            |
| Interior plumbing upgrade                             | 20,000            |
| Interior painting                                     | 5,000             |
| Interior dining floor and stage                       | 15,000            |
| Interior bar floor                                    | 3,000             |
| Interior back bar                                     | 6,000             |
| Interior patio floor                                  | 3,000             |
| Interior stage curtain and window coverings           | 2,000             |
| Interior light fixtures                               | 6,000             |
| Interior decoration                                   | 5,000             |
| <b>TOTAL COST OF LEASEHOLD IMPROVMENTS</b>            | <b>\$270,000.</b> |

Source: Port Commission



Item 19 – File 01-0830

**Department:** Port of San Francisco

**Item:** Release of reserved funds in the amount of \$926,380 for the Pier 34 Demolition Project.

**Amount:** \$926,380

**Source of funds:** \$7,550,000 in loan proceeds obtained from the Canadian Imperial Bank of Commerce (originally appropriated by the Board of Supervisors (File No. 173-97-3).

**Description:** In June of 1995, the Board of Supervisors approved a Supplemental Appropriation allocating \$7,550,000 from loan proceeds obtained from the Canadian Imperial Bank of Commerce for a capital project to relocate the Port's Maintenance Facility from Pier 46B to Pier 50. The Board of Supervisors reserved \$6,052,714 of these funds pending identification of a contractor and submission of budget details. These funds were originally appropriated to fund improvements related to the relocation of the Port Maintenance Facility due to the construction of Pacific Bell Ballpark at China Basin. On four occasions, the Board of Supervisors has released portions of the reserved funds for various projects, as shown below:

| Description                       | Date       | Amount      |
|-----------------------------------|------------|-------------|
| Funds Initially Placed on Reserve | June, 1997 | \$6,025,714 |

| Reserve Funds Released  | Date            | Amount      |
|---|-----------------|-------------|
| Roof repairs, design and engineering services   | December, 1997  | \$2,353,464 |
| Site improvements at Pier 50  | January, 1998   | 1,482,800   |
| Construction work on parking shelters at Pier 50  | July, 1999      | 565,870     |
| Install a new 8 inch Firemain engineering services for sprinkler system plan at Pier 50 | September, 1999 | 25,500      |
| Total Release from Reserve  |                 | \$4,427,634 |

According to Ms. Imani Haygood of the Port, the subject \$926,380 in reserved funds would be used to complete the demolition of Pier 34. The Port relocated their maintenance facility in October 1997 from Pier 46B to temporary facilities at Pier 50D. The subject \$926,380 was previously appropriated to fund improvements related to the relocation of the Port Maintenance Facility from Pier 46B to Pier 50. The Port was required to remove Pier 34 to accommodate a future waterfront public access project as part of the Pacific Bell Ballpark Project as approved by the Bay Conservation and Development Commission (BCDC). The Attachment to this report is a memorandum from Ms. Stephanie Downs, of the Port, which provides additional information regarding the subject Pier 34 demolition project.

|        |                  |                         |
|--------|------------------|-------------------------|
| Budget | \$130,000        | Mobilization            |
|        | 497,000          | Demolition              |
|        | 160,618          | Disposal                |
|        | <u>60,000</u>    | Construction management |
|        | \$847,618        | Subtotal                |
|        | 78,762           | Contingency (9.3%)      |
|        | <b>\$926,380</b> |                         |

According to Ms. Haygood the Port Commission directed Port staff to advertise for bids for the "Pier 34 Demolition Project" on December 13, 2000. Port staff received 5 bids for this project. On March 26<sup>th</sup> the Port Commission rejected all of the submitted bids. According to Ms. Downs, all five bids were rejected because the lowest bid did not meet bid specifications and the next lowest bid was significantly higher than the low bid.

Under a second invitation to bid response, on April 11, 2001 five bids were received including the low bid of \$787,618 from Zaccor Companies. The second low bidder, Peak Engineering, filed a bid protest arguing that the Zaccor Companies' bid did not meet the bid specification and the Human Rights Commission (HRC) subcontracting goals. The bid protest was reviewed by the City Attorney's Office and HRC and found the bid protest to be without merit. A summary table of the bids received and the bid amounts are shown on the table below.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

**Bid Summary Table**

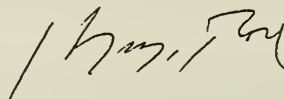
|                   | Zaccor<br>Companies | Peak<br>Engineering<br>Inc | Ferma<br>Corporation | Granite<br>Excavation &<br>Demolition | Seaworks Inc. |
|-------------------|---------------------|----------------------------|----------------------|---------------------------------------|---------------|
| Mobilization      | \$130,000           | \$60,000                   | \$65,000             | \$104,131                             | \$92,500      |
| Demolition        | 497,000             | 974,000                    | 1,140,000            | 1,110,800                             | 470,800       |
| Disposal          | 160,618             | 150,000                    | 134,000              | 386,028                               | 999,000       |
| Total<br>Base Bid | \$787,618           | \$1,184,000                | \$1,339,000          | \$1,600,959                           | \$1,562,300   |

**Comment:**

According to Ms. Downs, the demolition of Pier 34 is anticipated to commence in June 2001 and take approximately 150 days to complete. In addition, the Port will make use of a Resident Engineer Architect Associate II (Classification No. 5266) obtained from the Bureau of Architecture to provide construction management services. Ms. Downs states that the Port has allocated an estimated \$60,000 of the subject funds for this purpose, based on 1,090 hours at an hourly rate of \$55 per hour.

**Recommendation:**

Approve the request to release reserved funds in the amount of \$926,380.



Harvey M. Rose

Supervisor Leno  
Supervisor Peskin  
Supervisor Gonzalez  
Clerk of the Board  
Controller  
Steve Kawa

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



## MEMORANDUM

May 16, 2001

**TO:** Pascal St. Gerard  
Budget Analyst

**FROM:** Stephanie Downs  
Finance Manager

**SUBJECT:** Release of Reserve of Loan Proceeds for Pier 34 Removal

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In July 1997 the Port entered into a \$12,000,000 loan agreement to cover anticipated Port expenses associated with construction of Pacific Bell Ballpark. The primary purpose of the loan was to facilitate the site consolidation and clearance of Port property. Use of the loan proceeds include the purchase of a 3.5 acre parcel contiguous to Pier 46 for site consolidation, relocation of the Port's maintenance facility at Pier 46B, construction of a new maintenance facility at Pier 50D, relocation of other commercial tenants located on the site and construction of improvements to other Port facilities associated with the tenant relocation.

In order for the project to go forward, in November 1997 the Port entered into an agreement with Save San Francisco Bay Association ("Save the Bay") who had objected to the issuance of a Bay Conservation and Development Commission ("BCDC") permit for construction of the Ballpark project. One of the requirements of the agreement with Save the Bay was the removal of Pier 34 within one year of the opening of the Ballpark. This was further subject to the successful negotiation between the Port, Save the Bay and BCDC of amendments to the San Francisco Waterfront Special Area Plan.

On July 20, 2000 the Special Area Plan amendments were adopted, and the date of the required Pier 34 demolition was moved to one year following adoption of the amendments. Due to the delay of the bid award caused by a bid protest, construction is anticipated to begin in June 2001 and demolition will be complete in November 2001. The Port has kept BCDC informed as to the reasons for the delay.

If you have any further questions, please call me at 274-0442.



City and County of San Francisco  
Meeting Minutes  
Finance Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, May 30, 2001

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

**MEETING CONVENED**

*The meeting convened at 10:08 a.m.*

010699 [Treasure Island Fire Training Sublease]  
Supervisor Daly

Resolution approving a sublease between the City and County of San Francisco (The "City") and the Treasure Island Development Authority (The "Authority") for property on Treasure Island generally bounded by 8th Street to the south, 10th Street to the north, M Street to the west, and N Street to the east for use as a fire training facility at an annual rent of \$1,740,000 per year.

(Fiscal impact; District 6.)

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

5/23/01, CONTINUED. Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

Continued to 5/30/01.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Chief Paul Tabacco, Fire Department; Assistant Deputy Chief Joanne Hayes-White, Director of Training, Fire Department; Christine Ragan, Chief Financial Officer, Fire Department; Annemarie Conroy, Executive Director, Treasure Island Development Authority; Supervisor Daly.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

010843 [Appropriation, Gang Outreach and Youth Violence Prevention Program]  
Supervisors Ammiano, Maxwell

Ordinance appropriating \$200,000 of the General Fund Reserve to fund Gang Outreach and Youth Violence Prevention Program in the Mission and Bayview Hunters Point neighborhoods through the Mayor's Office of Criminal Justice for fiscal year 2000-01.

(Fiscal impact.)

5/7/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Supervisor Ammiano; Supervisor Sandoval; Katy Weinstein, Mayor's Criminal Justice Council; Harvey Rose, Budget Analyst; Matthew Hymel, Chief Deputy Controller; Captain Hetrich, Police Department; Theodore Lakey, Deputy City Attorney.*

*Amendment of the Whole prepared in Committee.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**



Ordinance appropriating \$200,000 of the General Fund Reserve to fund Gang Outreach and Youth Violence Prevention Program in areas of the City with concentrated amounts of serious and violent youth crimes, including Supervisorial Districts 5, 6, 9, 10 and 11, through the Mayor's Office of Criminal Justice for fiscal year 2000-01.

(Fiscal impact.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010682 [AB 1419, Land Transfer, Transbay Terminal]**

**Supervisor Ammiano**

Resolution supporting AB 1419 (Aroner), requiring Caltrans to transfer land to the San Francisco Redevelopment Agency for the implementation of the Transbay Terminal Replacement Project; mandating that Caltrans lease to the Transbay Terminal Joint Powers Authority certain parcels of land for bus storage; and requiring the San Francisco Redevelopment Agency to dedicate to the Transbay Terminal project any tax increment funds and net proceeds from the disposition of state-owned land.

4/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Kawa, Mayor's Office; Alicia Bert, Mayor's Office.*

*Amended on page 1, line 3, after "(Aroner)," and on page 2, line 16, after "AB 1491," by adding "without Dutra amendment."*

**AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

Resolution supporting AB 1419 (Aroner), without Dutra amendment, requiring Caltrans to transfer land to the San Francisco Redevelopment Agency for the implementation of the Transbay Terminal Replacement Project; mandating that Caltrans lease to the Transbay Terminal Joint Powers Authority certain parcels of land for bus storage; and requiring the San Francisco Redevelopment Agency to dedicate to the Transbay Terminal project any tax increment funds and net proceeds from the disposition of state-owned land.

**RECOMMENDED AS AMENDED.**

**010863 [Release of Reserved Funds, Sunset Infrastructure]**

**Supervisor Yee**

Motion releasing \$500,000 placed on Board of Supervisors Reserve for Sunset Infrastructure.

(Fiscal impact.)

5/7/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Supervisor Yee; Harvey Rose, Budget Analyst; Gary Hoy, Capital Program Manager, Recreation and Park Department; Nelson Wong, Department of Public Works; Theodore Lakey, Deputy City Attorney; Shawn Drew; Marianna.*

*Amended on lines 3 and 16 by replacing "\$500,000" with "\$475,000."*

**AMENDED.**

Motion releasing \$475,000 placed on Board of Supervisors Reserve for Sunset Infrastructure.

(Fiscal impact.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez



**010549 [Appropriation, funding for uniform firefighters and investigators overtime]**

Ordinance appropriating \$2,160,476 from the Airport and various departmental revenues as well as reallocating \$1,200,000 in Police department appropriations to the Fire department to fund the cost of uniform firefighters and investigators salaries and overtime in the Fire Department for fiscal year 2000-01. (Controller)

(Fiscal impact.)

3/28/01, RECEIVED AND ASSIGNED to Finance Committee.

5/16/01, AMENDED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Chief Tobacco, Fire Department; Jim Corrigan; Edward Harrington, Controller.

Amended on page 1 as follows: On lines 2 and 25, by replacing "\$2,991,267" with "\$2,160,476"; on line 11, by replacing "\$1,626,267" with "\$795,476"; and on line 22, by replacing "\$2,486,267" with "\$1,655,476."

Continued to 5/23/01.

5/16/01, CONTINUED AS AMENDED.

5/23/01, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jim Corrigan; Edward Harrington, Controller.

Continued to 5/30/01.

5/23/01, CONTINUED AS AMENDED.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Annemarie Conroy, Executive Director, Treasure Island Development Authority; Captain Hetrich, Police Department; Matthew Hymel, Chief Deputy Controller.*

*Amendment of the Whole prepared in Committee.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance appropriating \$2,160,476 from the Airport and various departmental revenues to fund the cost of uniform firefighters and investigators salaries and overtime in the Fire Department for fiscal year 2000-01.

(Controller)

(Fiscal impact.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010815 [Lease of Property]**

Resolution approving a new lease of real property located at 1667 Market Street on behalf of Administrative Services, for the Department of Elections. (Real Estate Department)

(Fiscal impact; District 6)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

5/7/01, SUBSTITUTED. Real Estate Department submitted a substitute resolution bearing new title.

5/7/01, ASSIGNED to Finance Committee.

5/23/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Department of Administrative Services; Bill Lee, City Administrator; Mary Hobson, Office of City Architect; Chris Bowman, Citizens Advisory Committee on Elections.

Continued to 5/30/01.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Administrative Services Department.*

**TABLED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010836 [Reserved Funds, Department of Elections]**

Hearing to consider release of reserved funds, Department of Elections, (File 010249, Ordinance No. 65-01), in the amount of \$800,000 to fund equipment purchase and \$251,000 for non-personal services. (Administrative Services Department)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ara Minasian, Department of Administrative Services; Theresa Alvarez, Deputy City Attorney; Steve Kawa, Mayor's Office; Ryan Brooks, Director, Administrative Services Department.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010818 [Credit Card Acceptance Cost Reduction]  
Supervisor Newsom**

Resolution urging the Treasurer of the City and County of San Francisco to explore methods of reducing the costs associated with the City's acceptance of credit cards. (Treasurer-Tax Collector)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Susan Leal, Treasurer.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Leno, Gonzalez

Absent: 1 - Peskin

**010835 [Lease of Property for DPH Mental Health]**

Resolution authorizing a new lease of real property currently occupied by the City under the terms of an earlier lease at 1380 Howard Street, San Francisco, for a term of five years and one month, commencing June 1, 2001 at an initial monthly rent of \$100,000 per month for the Mental Health Division of the Department of Public Health. (Real Estate Department)

(Fiscal impact; District 6)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Division, Administrative Services Department.*

**RECOMMENDED.. by the following vote:**

Ayes: 2 - Leno, Gonzalez

Absent: 1 - Peskin

**010866 [Official Advertising]**

Resolution designating the San Francisco Independent to be the official newspaper of the City and County of San Francisco for the category of non-consecutive day official advertising, for the fiscal year commencing July 1, 2001 and ending June 30, 2002. (Purchaser)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee.

5/14/01, SUBSTITUTED. Purchasing Department submitted a substitute resolution bearing new title.

5/14/01, ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Ward, Assistant Director of Purchasing; Purchasing Department, Theodore Lakey, Deputy City Attorney; Edward Harrington, Controller.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010867 [Outreach Advertising]**

Resolution designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and designating El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year commencing July 1, 2001 and ending June 30, 2002. (Purchaser)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee.

5/14/01, SUBSTITUTED. Purchasing Department submitted a substitute resolution bearing new title.

5/14/01, ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Ward, Assistant Director of Purchasing, Purchasing Department; Carmen Ruiz, owner of El Latino Newspaper; Marvin Ramirez, publisher of El Reportero; Jose Del Castillo, publisher and owner of El Mensajero; Clementina Garcia; America Soler-Everhart; Sylvia Sandoval; Pedro Morales, reporter for El Reportero; Julio Ramos; Luis Espinoza, Purchasing Department.*

*Continued to 7/11/01.*

*7/13/01, THE MEETING OF JULY 11 WAS CANCELLED.*

**CONTINUED by the following vote:**

Ayes: 3 - Leno, Peskin, Gonzalez

**010868 [Establishing Trial Parking Rates as Permanent Parking Rates for City Owned Garages and Metered Facilities]**

Resolution approving trial parking rates as proposed permanent parking rates at the Lombard Street Garage, the North Beach Garage, the Portsmouth Square Garage, the Japan Center Garages, the St. Mary's Square Garage, the Union Square Garage, and the Vallejo Street Garage. (Parking and Traffic Department)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ronald Szeto, Acting Director, Parking Authority.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010872 [Water Rates]**

Ordinance approving revised schedule of rates to be charged by the San Francisco Public Utilities Commission for water service to its retail customers inside and outside the City and County of San Francisco. (Public Utilities Commission)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee. With direction to report back to Board June 4, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Bill Berry, Assistant General Manager, Finance and Administration, Public Utilities Commission.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010873 [Water Rates]**

Ordinance approving revised schedule of rates to be charged by the San Francisco Public Utilities Commission for water service to its suburban resale customers. (Public Utilities Commission)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee. With direction to report back to Board June 4, 2001.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Bill Berry, Assistant General Manager, Finance and Administration, Public Utilities Commission.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010936 [Mayor's Summer Food Service Program]****Mayor**

Resolution authorizing the Department of Children, Youth and Their Families to accept and expend a grant in the amount of \$484,500 from the United States Department of Agriculture for the Mayor's Summer Food Service Program for children. (Mayor)

5/16/01, RECEIVED AND ASSIGNED to Neighborhood Services and Parks Committee.

5/24/01, TRANSFERRED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Camille Wise, Department of Children, Youth and Their Families; Abdalla Megahed, Advocate for the Homeless.*

*Amended by adding the following "Further Resolved" clause: "FURTHER RESOLVED, That the Controller is hereby urged to designate the 36 temporary positions funded by the grant as 'G,' or grant-funded, positions that would terminate when the subject grant expires."*

**AMENDED.**

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010932 [Delivery and execution of refunding certificates of participation, Series 2001-1 and Taxable Series 2001-2 (S.F. Courthouse and 25 Van Ness Project)]****Mayor**

Resolution approving the execution and delivery of refunding certificates of participation to refinance, in part and/or in whole, certificates of participation previously executed and delivered by the City and County of San Francisco (the "City"); approving the form of the property and facility lease between the City and a trustee; approving the form of the project lease between the City and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; approving the form of the trust agreement between the City and a trustee (including certain indemnities contained therein); authorizing the selection of an escrow agent; approving the form of the escrow agreement between the City and an escrow agent; approving the form of the official notice of sale and the notice of intention to sell for the refunding certificates of participation; directing the publication of the notice of intention to sell for the refunding certificates of participation; approving the form of the official statement in preliminary and final form; approving the form of a continuing disclosure certificate; authorizing reimbursement of certain expenditures; authorizing the payment of costs of issuance; and ratifying previous actions taken in connection therewith. (Mayor)

5/16/01, RECEIVED AND ASSIGNED to Finance Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Theodore Lakey, Deputy City Attorney; Karen Ribble, Mayor's Office of Public Finance.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Resolution approving the execution and delivery of refunding certificates of participation, in one or more series, to refinance, in part and/or in whole, certificates of participation previously executed and delivered by the City and County of San Francisco (the "City"); approving the form of the property and facility lease between the City and a trustee; approving the form of the project lease between the City and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; approving the form of the trust agreement between the City and a trustee (including certain indemnities contained therein); authorizing the selection of an escrow agent; approving the form of the escrow agreement between the City and an escrow agent; approving the form of the official notice of sale and the notice of intention to sell for the refunding certificates of participation; directing the publication of the notice of intention to sell for the refunding certificates of participation; approving the form of the official statement in preliminary and final form; approving the form of a continuing disclosure certificate; authorizing reimbursement of certain expenditures; authorizing the payment of costs of issuance; and ratifying previous actions taken in connection therewith. (Mayor)

(Fiscal impact.)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**010860 [Special Assistants]  
Supervisor Peskin**

Hearing to review current efforts towards reclassification of Special Assistant positions in San Francisco government, and to address reclassifications requested since January 1, 2001 as well as planned reclassifications by City Departments.

5/7/01, RECEIVED AND ASSIGNED to Finance Committee.

5/16/01, CONTINUED. Heard in Committee. Speakers: Andrea Gourdine, Human Resources Director; Carol Isen, Associate Director, Professional and Technical Engineers, Local 21; John Bardis.

Continued to 5/30/01.

*Heard in Committee. Speaker: Andrea Gourdine, Human Resources Director.*

*Continued to 6/13/01.*

**CONTINUED by the following vote:**

Ayes: 2 - Leno, Peskin

Absent: 1 - Gonzalez

**ADJOURNMENT**

*The meeting adjourned at 3:18 p.m.*





10.25  
7  
30/01  
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 24, 2001

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

MAY 30 2001

SUBJECT: May 30, 2001 Finance Committee Meeting

SAN FRANCISCO  
PUBLIC LIBRARY

Item 1 - File 01-0699

Note: This item was continued by the Finance Committee at its meeting of  
May 23, 2001.

Department: Fire Department  
Treasure Island Development Authority

Item: Resolution approving a new sublease between the City and the Treasure Island Development Authority for the Fire Fighting Training Center located on Treasure Island, at an annual rent of \$1,740,000.

Location: The subject property on Treasure Island is generally bounded by 8<sup>th</sup> Street to the South, 10<sup>th</sup> Street to the North, M Street to the West and N Street to the East. (See Attachment I for map).

Purpose of Sublease: Under the proposed sublease, the Fire Department would use the Treasure Island property for training purposes.

Lessor: U.S. Navy (Master Lease)

Lessee/Sublessor: Treasure Island Development Authority

Sublessee: Fire Department

Term of Sublease: Commencing retroactively to July 1, 2000 and terminating on June 30, 2005, for a sublease term of five years (See Comment No. 1).

Right of Renewal: None

Site and Number of  
Square Feet:

Approximately 6.94 acres (302,400 square feet), including four classrooms, several administrative offices, training grounds, facilities for water runoff treatment, and a computer-controlled, enclosed propane-burning facility with six fire-simulator sites and three propane storage tanks.

Rent and Other Costs  
Payable to the Treasure  
Island Authority by the  
Fire Department:

\$1,740,000 per year, paid annually in advance of the first day in July for each fiscal year during the five-year term of the sublease (see Comment No. 12). In addition to the \$1,740,000 annual rent, the Fire Department will be required to pay to Treasure Island Development Authority additional fees of \$153,024 per year, including the following two fees:

- (1) The Fire Department will pay for the Common Area Maintenance Charge (Navy CAM Charge) fee charged by the Navy to the Treasure Island Development Authority under the Master Lease. Under the proposed sublease, the Fire Department would be required to pay \$11,850 per month, or \$142,200 annually, to the Treasure Island Development Authority for the CAM Charge.<sup>1</sup>
- (2) The Fire Department will pay to the Treasure Island Development Authority a monthly Landscaping Charge of \$902, for a total annual charge of \$10,824.

Therefore, the total annual charges to be paid by the Fire Department to the Treasure Island Development Authority will be \$1,893,024 (\$1,740,000 in rent plus \$153,024 in additional fees).

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<sup>1</sup> According to Mr. Stephen Proud of the Treasure Island Development Authority, the CAM is based on \$0.025 per square foot per month for the interior space of the Fire Fighting Training Center building and \$0.003 per square foot per month for the exterior space.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Mr. Stephen Proud of the Treasure Island Development Authority advises that the Fire Department will make Navy CAM and Landscaping payments monthly to the Treasure Island Development Authority. The proposed sublease contains no provisions for annual adjustments in the rent, the CAM or the Landscaping Charge.

**Source of Funds:**

Ms. Christine Ragan, Chief Financial Officer of the Fire Department, advises that the Fire Department's Fiscal Year 2000-2001 General Fund budget includes \$1,893,024 to fund the \$1,740,000 in rent and \$153,024 in additional fees discussed above, which the Fire Department must pay to the Treasure Island Development Authority retroactively for Fiscal Year 2000-2001 (See Comment No. 2).

**Utilities and  
Maintenance:**

Under the proposed sublease, the Fire Department would pay for all maintenance and utility costs at the subject Treasure Island facility. Mr. Proud advises that the Fire Department would be required to pay these costs, estimated by the Fire Department based on the current fiscal year at \$561,062 annually (\$475,062 for the maintenance contract, discussed in Comment No 5, and \$86,000 for utilities), year round for each year of the five-year sublease term. (See Comment No. 4 for all estimated costs.)

**Description:**

On May 2, 1997, the Board of Supervisors authorized the creation of the Treasure Island Development Authority as a nonprofit public benefit corporation to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former United States Naval Station Treasure Island (Resolution No. 244-97-3). On October 12, 1997, the California Legislature approved the Treasure Island Conversion Act of 1997, which designated the Authority as a trustee of the State Tidelands Trust and as a redevelopment agency with jurisdiction over Treasure Island and Yerba Buena Island. The Treasure Island Development Authority currently leases from the Navy the Treasure Island Fire Fighting Training Center, under a 15-year lease for the period from December 15, 1997 through December 14, 2012 (see Comment No. 3). However, Mr. Proud advises that this lease will no longer

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

be necessary once the Treasure Island Development Authority completes the transfer of ownership of the Naval Station on Treasure Island from the Navy to the Treasure Island Development Authority, expected during Fiscal Year 2001-2002.

The proposed resolution would authorize a sublease between the Fire Department and the Treasure Island Development Authority for the Fire Department to use the Fire Fighting Training Center on Treasure Island. The Fire Fighting Training Center, was built and used by the Navy in 1992 for fire suppression training. As previously noted, the facility consists of four classrooms, several administrative offices, training grounds, facilities for water runoff treatment, and a computer-controlled, enclosed propane-burning facility with six fire-simulator sites, which do not emit smoke, and three propane storage tanks.

Assistant Deputy Chief Joanne Hayes-White, Director of Training at the Fire Department, advises that the Fire Department uses the Fire Fighting Training Center for a variety of in-service and new recruit training purposes, as described in Attachment II, provided by the Fire Department. Assistant Deputy Chief Hayes-White advises that the Fire Department's other main training facility, located at 19<sup>th</sup> and Folsom Streets, is inadequate for the Fire Department's needs, is located in a residential neighborhood and does not allow the Fire Department to provide live fire training. The Fire Department also provides training for Emergency Medical Services (EMS) at Fire Department facilities in the Presidio.

**Tenant  
Improvements:**

Under the proposed sublease, the Fire Department would be responsible for all improvements to the Fire Fighting Training Center. As shown in Attachment III, provided by the Fire Department, the Fire Department has made a total of \$479,257 in improvements to the Fire Fighting Training Center since June of 1998.

**Comments:**

1. Ms. Ragan advises that the Fire Department is only now seeking approval from the Board of Supervisors for the subject sublease, retroactively for the period from July 1, 2000 through June 30, 2001, because the Fire Department has been negotiating with the Treasure

Island Development Authority to finalize the proposed sublease since the beginning of Fiscal Year 2000-2001.

2. According to Ms. Ragan, upon approval of the proposed sublease and the release of reserved funds (see Comment No. 6), the Fire Department would pay to the Treasure Island Development Authority the entire \$1,740,000 in rent for FY 2000-2001, plus the \$11,850 monthly Navy CAM fees and the \$902 monthly Landscaping fees, discussed above, retroactive to July 1, 2000, for a approximate total one-time payment of \$1,893,024 (\$1,740,000 rent plus \$142,2000 for 12 months of Navy CAM fees and \$10,824 for 12 months of Landscaping fees).

3. Assistant Deputy Chief Hayes-White advises that the Fire Department first began using the Fire Fighting Training Center in December of 1997, under a 15-year lease between the City and the U.S. Navy, for the period from December 15, 1997 through December 14, 2012. Under this lease, the City was not required to pay any rent to the Navy. According to Mr. Proud, when the Treasure Island Development Authority was established in February of 1998, the lease with the Navy transferred from the City to the Treasure Island Development Authority. Therefore, since February of 1998, the Treasure Island Development Authority has maintained a lease with the Navy for the Fire Fighting Training Center, but the Fire Department has not had a sublease with the Treasure Island Development Authority to use the training facility. In addition, the Fire Department has never paid any rent to the Treasure Island Development Authority for the use of the Fire Fighting Training Center, according to Mr. Proud. As noted previously, rent for Fiscal Year 2000-2001 under the subject sublease of \$1,893,024 (\$1,740,000 in rent plus \$153,024 in additional fees) will be paid retroactively to the Treasure Island Development Authority by the Fire Department.

4. As shown in Attachment IV, based on information provided by the Fire Department, the annual cost to the Fire Department for the proposed sublease and operation of the Fire Fighting Training Center would be an estimated \$2,495,990 per year based on current expenses. This annual budget of \$2,495,990 includes: (a) \$1,893,024



in rent and additional fees to be paid to the Treasure Island Development Authority (\$1,740,000 for rent plus \$142,200 for the Navy CAM Charge plus \$10,824 in Landscaping fees), (b) \$86,000 for utilities, (c) \$475,062 for a maintenance contract (see Comment No. 5), (d) \$27,446 for materials and supplies, (f) a \$10,000 work order to the Purchasing Department for reproduction, and (g) \$4,458 for marketing of the regional training facility (see Comment No. 7). Ms. Ragan advises that the Fire Department uses existing training staff and salaries to provide staffing at the Fire Fighting Training Center.

5. In 1998 the Fire Department selected AAI Engineering Support Inc. on a sole source basis for a five-year contract to provide all maintenance at the Fire Fighting Training Center, including its six fire-simulator sites and three propane storage tanks. Assistant Deputy Chief Hayes-White advises that the Fire Department selected AAI Engineering Support Inc., because, along with its subsidiary company Symtron, AAI Engineering Support Inc. is the only supplier of computer-controlled live fire simulators. The five-year contract term with AAI Engineering Support Inc. began on July 1, 1998 and will expire on July 1, 2003. The total contract amount is \$2,289,355 for the entire five-year term, or an average of \$457,871 annually.

6. The Fire Department has a total of \$2,100,000 in the department's Fiscal Year 2000-2001 budget, currently held on reserve, to cover this one-time payment of \$1,893,024 for rent and other fees. During the Fiscal Year 2000-2001 budget review process, the Finance Committee placed on reserve the \$2,100,000 for rent and other fees at the Fire Fighting Training Center, pending approval of the subject sublease. Ms. Ragan advises that the payment of \$1,893,024 (including \$1,740,000 in rent, \$142,200 in CAM charges and \$10,824 in landscaping charges) to the Treasure Island Development Authority is \$206,976 less than the budgeted amount of \$2,100,000, because the \$2,100,000 amount was an estimate made prior to the appraisal of the Fire Fighting Training Center. The Budget Analyst recommends that the Finance Committee release \$1,893,024 of the \$2,100,000 in reserved funds if the Finance Committee recommends approval of the subject sublease, leaving \$206,976 on reserve.



7. Assistant Deputy Chief Hayes-White advises that the Fire Department is developing a program to rent the Treasure Island Fire Fighting Training Center to other local organizations and jurisdictions for limited periods of time in an effort to generate additional revenue. As stated in Attachment II, for Fiscal Years 1997-1998, 1998-1999 and 1999-2000, the Fire Department has earned between \$40,120 and \$45,255 per year from renting the facility to the California Maritime Academy. Ms. Ragan advises that such revenue is deposited into the General Fund.

8. The proposed sublease states that both the Fire Department and the Treasure Island Development Authority "...may terminate this Sublease prior to the Expiration Date [of June 30, 2005] by giving to the other party written notice of intent to terminate the Sublease one year prior to the intended date of termination."

9. According to Mr. Proud, the Treasure Island Development Authority hired a private firm, Clifford Associates, to appraise the value of the subject Treasure Island Fire Fighting Training Center. In March of 2001, the appraiser determined that the fair market rent for the Fire Fighting Training Center would be \$1,740,000 per year. Mr. Julian Sutherland of the Real Estate Division of the Administrative Services Department has reviewed the appraisal of the Fire Fighting Training Center commissioned by the Treasure Island Development Authority and agreed that the rent charged to the Fire Department represents fair market value. Mr. Proud advises that this appraisal did not include the \$479,257 in improvements completed by the Fire Department.

10. Under the proposed sublease, the Fire Department indemnifies the Treasure Island Development Authority and the Navy, as Master Landlord, and their agents and employees as defined in the sublease. The proposed sublease states:

"Subtenant [Fire Department], on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties [described above] and Master Landlord shall not be responsible for or liable to, and, to the fullest extent allowed by any

Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of any improvements on the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused by the negligence or willful misconduct of the Indemnified Parties."

According to Mr. Donnell Choy of the City Attorney's Office, the indemnification provision contained in the sublease is standard in all subleases entered into by the Treasure Island Development Authority with any entity wishing to sublease property on Treasure Island. Mr. Choy advises that if there were another large earthquake comparable to or greater in magnitude than the 1989 Loma Prieta Earthquake during the term of this sublease, the City would not be able to look to the Treasure Island Development Authority to recover any losses arising therefrom, according to Mr. Choy. Mr. Choy advises that when the City is acting as the landlord in its own leases, the City includes similarly broad indemnification provisions in its leases.

11. The Budget Analyst notes that since November of 1997 the Fire Department has provided Fire Protection to Treasure Island, which includes a fully staffed and equipped Fire Station. Ms. Ragan advises that the annual cost of providing such Fire Protection for Fiscal Year 2000-2001 is \$3,397,191. The Treasure Island Development Authority reimburses the Fire Department for such costs, and the Treasure Island Development Authority's budget for Fiscal Year 2000-2001 includes a total of \$3,397,191 to be paid to the Fire Department.

12. As noted previously, under the proposed sublease, the Fire Department would pay to the Treasure Island Development Authority the annual rent of \$1,740,000 in advance of the first day in July for each fiscal year during the five-year term of the sublease. Ms. London Breed of the Treasure Island Development Authority advises that

Memo to Finance Committee  
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rent would be paid in advance to simplify transactions between the Fire Department and the Treasure Island Development Authority. However, Ms. Breed advises that the Treasure Island Development Authority would be willing develop an alternative payment schedule with the Fire Department if requested to do so.

- Recommendations:**
1. Approval of the proposed sublease is a policy decision for the Board of Supervisors.
  2. If the Finance Committee recommends approval of the subject sublease, the Budget Analyst recommends releasing \$1,893,024 of the \$2,100,000 in reserved funds for payments to the Treasure Island Development Authority, in accordance with Comment No. 6 above. The balance of \$206,976 in reserved funds would be returned to the General Fund.

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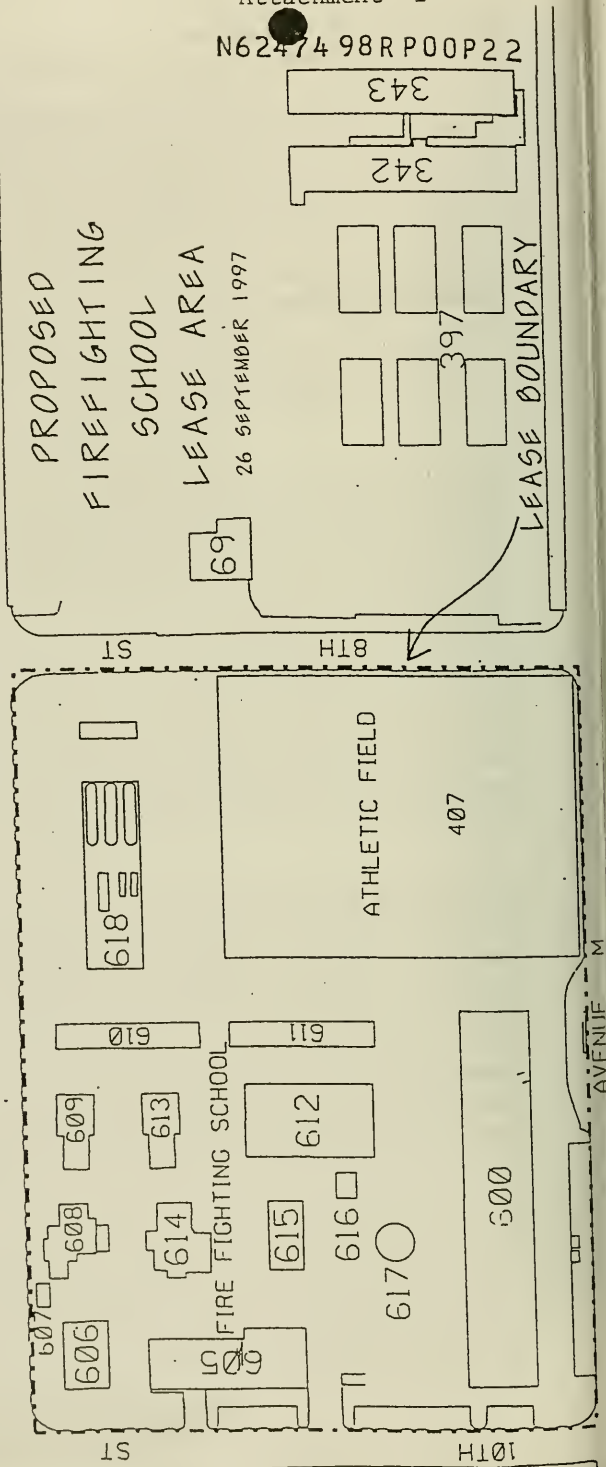
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APPROXIMATE SCALE IN FEET

EXHIBIT A  
LEASED PREMISES

AVENUE N



## **San Francisco Fire Department Treasure Island "Live Fire" Training Facility**

The San Francisco Fire Department acquired the use of the United States Navy Regional Training facility in 1997. Located on the northeastern shore of the island, it consists of 7 acre training grounds and nine buildings.

The main building contains four forty-student classrooms, restrooms, equipment storage room, make-shift staff lunch room, and three offices. The offices are used by the Director of the facility, the SFFD Captain of In-Service Training, and the Instructors from California Maritime Academy. The support building contains a sixty-student classroom, equipment storage room, maintenance repair shop, and an office for the site maintenance staff.

A third building, located centrally on the facility grounds, not only contains the electrical power distribution panels and water pumps for on site water and sewer, but also houses an Self Contained Breathing Apparatus Air tank refilling station.

The remaining buildings on site contain computer controlled electromechanical systems that can create simulated fire and smoke. Three of these buildings are in active status; the others were decommissioned by the Navy prior to our arrival. The active structures consist of a four story building which contains maritime components (engine room, electrical panel, generator room...) and allows for simulated fires that could occur on the various compartments of a large ship. We have added removable props in this building to allow adaptation for structural fires that would occur in a high rise or apartment building. This allows for both, structural and maritime firefighting operation, within the same building.

A second structure was modified to allow for specific "room and contents" fire with a flashover capability. It also has a built in maze so to duplicate the difficulty of dragging a hose around corners etc. that would be present during most building fires. A third structure, utilized by the California Maritime Academy in teaching the United States Coast Guard and Navy, is an outside deck with a mock helicopter that can be fully engulfed in flame.

The facility was built to be in total compliance with EPA standards. Any water used in training is processed on-site prior to being pumped to the sewer treatment plant. The flames are propane based, converted to vapor prior to ignition. The computer system which operates the propane flames has a multitude of sensors which monitors the status of the propane flow and flame temperature to ensure that complete combustion is taking place. For safety, fire room temperature is monitored with automatic shutdown if temperatures exceed the established limits. With this computer support, we can also ascertain the amount of the extinguishing agent that was successfully applied to the fire as well as the time element that was needed to perform the fire extinguishment. We can control the flame height and regulate the level of visibility by injecting theatrical smoke into the rooms. Propane is supplied from three thirty-gallon tanks, cycled through three vaporizers, then piped to the simulators. The fenced off "propane farm" is adjacent to the facility grounds.



The potential offered by these simulators allows us to maintain a safe and controlled simulation of actual fire conditions that a firefighter would be exposed to. With the help of this state-of-the-art equipment, we are afforded the opportunity to teach, train, evaluate, and offer immediate feedback to our students. We currently utilize this facility to instruct entry-level as well as veteran firefighters in various aspects of firefighting techniques.

This year, Our In-Service Staff has conducted four cycles of Battalion Based Training. This represents a Battalion (Three/Four Engines, Two Trucks, Rescue Squad, Medic Unit, Battalion Chief) called to extinguish a (simulated) working fire. This fifteen day cycle, conducted daily in two sessions, involves all companies and all duty watches. In essence, each of our firefighters will receive specific hands-on fire training four times a year. This coming year, six cycles have been planned. When In-Service is not involved in this activity, they will "detail" companies to the Facility to conduct specialized training or work with our new probationary members.

California Maritime Academy conducts training here. They currently have been our main outside source of revenue. They teach basic and advanced maritime training to merchant seamen, members of the United States Coast Guard, and United States Army sailors. We have also generated money from other Fire Department's in the Bay Area on an occasional basis. Our revenue generated during the past three years for outside agencies is:

|              |              |
|--------------|--------------|
| FY 1997/98   | \$45,255.00  |
| FY 1998/99   | \$ 40,120.00 |
| FY 1999/2000 | \$ 42,105.00 |

Having been newly assigned as Director of this Facility. I have not totalled all the amounts for money generated from this fiscal year but I do know that we have \$28,000 due from California Maritime Academy, have generated approximately \$12,000.00 from IEC for facility "live fire" training as well as classroom use. In addition, we have had two Fire Departments use our facility, each generating over \$2200.00 in fees and interest from two others. IEC has six, one-week classes scheduled.

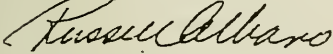
My task at this facility is to derive as much use and monetary remuneration as possible. During this past year, we have conducted various training sessions in our classrooms, both in house and for outside agencies. I plan to pro-actively advertise this facility to the Fire Departments in the nine surrounding Bay Area counties and well as on the City and Fire Department's Web site. I am inquiring into securing grant money to help subsidize smaller Departments who do not have the financial resource to use our facility.

In addition, for generation of facility income, I have had inquiries from three other maritime educational companies who wish to utilize our facility for mandated maritime training. They have acquired the appropriate United States Coast Guard authorization to conduct this training and are negotiating with me for available dates.



We are still charging the California Maritime Academy from the fee schedule formulated in 1997; the new schedule, which will take effect on July 1, 2001, will increase the user cost (and money generated) by 50%. My goal, and I feel that is it is reachable, is to double the income for the next fiscal year.

For any additional information, please contact me.

  
Captain Russ Albano SFFD  
(415) 391-0250

5/17/01

San Francisco Fire Department  
Division of Training

Improvements / Upgrades to Treasure Island regional training facility

| Improvements  | Date   | Cost             |
|---|--------|------------------|
| Conversion from high pressure steam to electrical heat generation<br>(When the Navy ceased to operate the Treasure Island Steam generation plant, it left the facility with out heat or hot water, rendering classrooms virtually uninhabitable)  | Jun-00 | \$20,500         |
| Replacement of older SCBA refill station compressor w/ high capacity unit<br>(This includes hardware for wall mounted storage unit)   | Oct-99 | 2,500            |
| Conversion of two classrooms for use in Department Computer training<br>(Addition of circuits, data drops, network wiring, hardware, T1 connectivity, furniture, PC clients and printers)   | Jun-99 | 95,000           |
| <b>Upgrades</b>   |        |                  |
| Renovation of "Live Fire" structure to simulate urban structure.<br>(The "Maritime" type hatches were replaced with normal dimensional doors and the "Bilge Room" was retrofitted to resemble a residential bedroom because of the ability to simulate fire flashovers by igniting overhead propane.) | Jun-98 | 320,000          |
| Construction of roof simulator<br>(A series of panels were constructed using replaceable 4 X 4 sheets. These panels can be cut with chain and multi-purpose saws.)  | Jan-00 | 2,500            |
| Addition of High Pressure Hydrant and four story stand pipe to existing multi-story structure   | Jan-00 | 850              |
| Purchase of 12 Self Contained Breathing Apparatus (SCBAs)   | Aug-00 | 37,907           |
| <b>TOTAL OF IMPROVEMENTS AND UPGRADES</b>   |        | <b>\$479,257</b> |

Source: Fire Department

**Budget for Division of Training**

Actuals as of 5/17/01

|   | Actuals        | Estimated      |
|---|----------------|----------------|
| 040 - Material & Supplies                               | 22,446         | 27,446         |
| 021 - Non-Personal Services                             |                |                |
| 2501 PROMOTIONAL & ENTERTAINMENT                        | 4,458          | 4,458          |
| 2799 OTHER PROFESSIONAL SERVICES                        |                |                |
| (Management Contract with AAI Engineering Support Inc.) | 353,927        | 475,062        |
| 3211 ELECTRICITY, HEAT & WATER                          | 53,481         | 86,000         |
|   | <u>411,866</u> | <u>565,520</u> |
| Lease Agreement with the Treasure Island Authority      |                | 1,893,024      |
| Work Orders   |                |                |
| 081PR Information Services -- Workorder to              | 10,000         | 10,000         |
| the Purchasing Department for Reproduction              |                |                |
| TOTAL Non-Salary 2000-2001                              | 444,312        | 2,495,990      |

Source: Information Provided by the Fire Department

Item 2 - File 01-0843

**Department:** Mayor's Criminal Justice Council

**Item:** Ordinance appropriating \$200,000 of the General Fund Reserve to fund a Gang Outreach and Youth Violence Prevention Program in the Mission and Bayview Hunters Point Neighborhoods through the Mayor's Criminal Justice Council.

**Amount:** \$200,000

**Source of Funds:** FY 2000-2001 General Fund Reserve

**Description:** The proposed ordinance would appropriate \$200,000 from the FY 2000-2001 General Fund Reserve to fund programs to serve youths living in the Mission and Bayview Hunters Point neighborhoods who are at risk for (a) participating in gang violence or (b) for becoming involved in the criminal justice system. According to Mr. Eugene Clendinen of the Mayor's Criminal Justice Council (MCJC), MCJC would issue Requests for Proposals (RFP) to nonprofit community-based organizations for programs to serve at-risk youth in approximately mid-July, 2001. MCJC would provide \$100,000 to serve at-risk youth in the Mission District and \$100,000 to serve at-risk youth in the Bayview Hunters Point neighborhood.

**Comments:**

1. According to Mr. Clendinen, the proposed service programs in the Mission and Bayview Hunters Point neighborhoods would target the hardest-to-serve youths. Mr. Clendinen states that the subject RFPs would require that the nonprofit community-based organizations submit a plan, outlining the organization's strategy for working with this population.
2. Currently, MCJC has several programs in the Mission and Bayview Hunters Point neighborhoods to serve youths who are at-risk for participating in gang violence or for becoming involved in the criminal justice system. MCJC is in the process of issuing an RFP for a \$125,000 State grant to provide counseling and other services to youth in the Mission District. Mr. Clendinen states that

MCJC has requested funds in the FY 2001-02 MCJC budget for on-going programs in the Mission and Bayview Hunters Point neighborhoods serving at-risk youth. The Mission District programs include (a) Columbia Park, a non-profit organization, to provide a "safe-haven" program, which includes counseling and other services, to at-risk youth in the Mission District, (b) the Mission Neighborhood Center to provide gang-related intervention to young women and men in the Mission District, (c) the Instituto de la Raza to provide services to youth in the criminal justice system with mental health disorders, and (d) the Community Bridges Beacon program for case management services. The Bayview Hunters Point programs include (a) the Bayview Hunters Point "safe haven" program which provides counseling and other services to at-risk youth, (b) the Girl's 2000, a nonprofit organization, which provides services to young women in the Bayview Hunters Point neighborhood, and (c) the Hunters Point Boys and Girls Club, and the Bayview Beacon program, which provide case management services. In addition, MCJC has applied jointly with the Juvenile Probation Department and the Department of Children, Youth, and their Families for a \$150,000 Federal Department of Justice planning grant for programs targeting gang intervention in the Mission and Bayview Hunters Point neighborhoods.

3. The Budget Analyst considers approval of the proposed ordinance to be a policy matter for the Board of Supervisors, because the proposed ordinance would appropriate funds from the FY 2000-2001 General Fund Reserve for a new program. Such funds would be carried over and would be expended in FY 2001-2002.

4. If the proposed supplemental appropriation is approved, the \$200,000 should be reserved, pending completion of the RFP process and submission of budget details to the Finance Committee.

**Recommendations:**

1. Approval of the proposed ordinance is a policy matter for the Board of Supervisors, as noted in Comment 3.

2. If the proposed ordinance is approved, reserve funds in the amount of \$200,000, pending completion of the RFP

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

process and submission of budget details to the Finance Committee, as noted in Comment 4.



Item 3 - File 01-0682

- Department:** San Francisco Redevelopment Agency (SFRA)  
Transbay Terminal Joint Powers Authority
- Item:** Resolution supporting AB 1419, requiring Caltrans to transfer land: (a) to the San Francisco Redevelopment Agency (SFRA) for the development of the Transbay Terminal Project area and (b) to the Transbay Joint Powers Authority for the development of the terminal building and Caltrain extension; and requiring the SFRA to dedicate to the Transbay Terminal Project any Tax Increment funds and net proceeds from the disposition of State-owned land.
- Description:** According to Ms. Maria Ayerdi of the Mayor's Office of Economic Development, Assembly Bill (AB) 1419 defines the Transbay Terminal Project as: (a) the construction of a new intermodal transit terminal on the site of the existing Transbay Terminal at First and Mission Streets and (b) the underground extension of CalTrain from 4<sup>th</sup> and Townsend Streets to the new terminal.
- According to Ms. Ayerdi, the Transbay Terminal Project is estimated to cost \$1,894,731,263. Funding sources and uses are described in Attachment I, provided by Michelle Sexton of the City Attorney's Office. As explained in Attachment I, the \$1,362,685,311 anticipated to be received during construction would consist of: (1) Tax Increment (\$14,935,300), (2) Land Sales (\$22,513,920), (3) MTC Grant (\$84,000,000), (4) FHWA Funds (\$10,000,000), (5) Federal Loan Proceeds (\$636,236,091) to be issued by the Transbay Joint Powers Authority, and (6) Series 2003 Bond Proceeds to be issued by the Transbay Joint Powers Authority (\$595,000,000). A funding gap of \$532,045,952 is anticipated (the total cost of \$1,894,731,263 less the \$1,362,685,311) and Ms. Ayerdi informs that additional funding sources have not been identified at this time.
- Ms. Ayerdi explains that the State Department of Transportation (CalTrans) owns the existing Transbay Terminal and surrounding land, totaling approximately 19.3 acres, or approximately 840,000 square feet, which is

bordered by Mission, Bryant, 2<sup>nd</sup>, and Spear Streets as shown in Attachment II. Under the Transbay Terminal Project a new Transbay Terminal would be constructed on the site of the existing Terminal at First and Mission Streets. The Transbay Terminal Project, which would replace the existing Transbay Terminal with a new intermodal terminal, is part of the larger Transbay Redevelopment Project, a project that would consist of the development by the SFRA of an estimated 4,000 residential units as well as commercial development in the area surrounding the Transbay Terminal. Ms. Ayerdi informs that construction of the new terminal is anticipated to begin in 2003 and be completed by late 2008.

Ms. Ayerdi explains that AB 1419 would transfer, from CalTrans to SFRA and the Transbay Joint Powers Authority, the parcel on which the existing Transbay Terminal is located and surrounding parcels, starting in 2002 and ending in 2008. Ms. Ayerdi advises that in accordance with AB 1419, the transfer of the State-owned parcels would allow the City to generate the additional necessary funding sources for the Transbay Terminal Project. Ms. Ayerdi advises that AB 1419 would also require the SFRA to dedicate to the project Tax Increment funds and the other proceeds, from the development, lease, sale or disposition of the State-owned parcels.

AB 1419 would also require the SFRA to pay relocation benefits to transit bus operators and other businesses dislocated as a result of the project. Ms. Ayerdi informs that as of the writing of this report she does not have an estimate of such relocation costs. AB 1419 would also require the Transbay Joint Powers Authority to allocate any proceeds that remain after completion of the project, from the development, lease, sale or disposition of the State-owned parcels, to other transportation projects that benefit the entire San Francisco Bay Area, according to Ms. Ayerdi.

Comments:

1. Ms. Ayerdi advises that the Transbay Joint Powers Authority was created April 4, 2001, pursuant to State law. Ms. Ayerdi informs that it consists of 5 members, including one appointed by the Peninsula Corridor Joint

Powers Board (CalTrain), one appointed by AC Transit, and three appointed by the City and County of San Francisco. Ms. Ayerdi informs that of the San Francisco members, one is appointed by the Board of Supervisors, one is appointed by the Municipal Transportation Agency Board of Directors, subject to Board of Supervisors approval, and one is appointed by the Mayor. She advises that such members were appointed shortly after the creation of the Transbay Joint Powers Authority. Ms. Ayerdi explains that the Transbay Joint Powers Authority would be the entity that designs, builds, and operates the new Transbay Terminal. Ms. Ayerdi further advises that the land parcels on which the existing terminal is located and the adjacent ramps will be transferred to the Transbay Joint Powers Authority, if AB1419 is approved. The remaining parcels would be transferred to the SFRA.

2. Ms. Ayerdi advises that AB1419 currently requires that Caltrans lease selected parcels of land to the Transbay Terminal Joint Powers Authority for bus storage. However, Ms. Ayerdi further advises that she anticipates that AB 1419 will be amended to instead require Caltrans to grant easements directly to AC Transit and the Golden Gate Bridge Highway and Transportation District.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

## Sources and Uses of Funds - During Construction

| Year   | 2001              | 2002              | 2003              | 2004               | 2005               | 2006               | 2007               | 2008               | Total                |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| <b>Uses of Funds - Construction</b>                      |                   |                   |                   |                    |                    |                    |                    |                    |                      |
| Terminal Pre-construction                                | 0                 | 0                 | 18,000,000        | 0                  | 0                  | 0                  | 0                  | 0                  | 18,000,000           |
| Land Acquisition   | 3,787,140         | 15,074,558        | 17,838,580        | 17,237,815         | 14,926,805         | 0                  | 0                  | 0                  | 69,784,517           |
| Architectural & Engineering                              | 8,704,435         | 20,113,305        | 20,113,305        | 20,113,305         | 18,781,087         | 0                  | 0                  | 0                  | 83,805,438           |
| Other Soft Costs - Pre-Const.*                           | 0                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                    |
| Due Diligence  | 454,545           | 1,383,638         | 681,818           | 0                  | 0                  | 0                  | 0                  | 0                  | 2,500,000            |
| Entitlements   | 0                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                    |
| Terminal Construction                                    | 0                 | 0                 | 0                 | 18,073,987         | 0                  | 0                  | 0                  | 0                  | 18,073,987           |
| Temporary Ramp   | 0                 | 0                 | 0                 | 11,125,906         | 0                  | 0                  | 0                  | 0                  | 11,125,906           |
| Temporary Terminal                                       | 0                 | 0                 | 0                 | 18,416,404         | 186,998,844        | 186,998,844        | 32,852,007         | 6,402,289,742      | 6,402,289,742        |
| Terminal Building  | 0                 | 0                 | 0                 | 0                  | 77,409,965         | 27,409,965         | 0                  | 0                  | 129,018,592          |
| Permanent Ramp   | 0                 | 0                 | 0                 | 0                  | 51,806,637         | 2,872,263          | 17,834,175         | 0                  | 20,806,538           |
| Storage  | 0                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                    |
| Soft Costs during Construction                           | 0                 | 0                 | 0                 | 13,322,802         | 15,987,363         | 15,987,363         | 15,887,363         | 2,884,560          | 63,949,450           |
| Terminal Total**   |                   |                   |                   |                    |                    |                    |                    |                    | 1,062,302,228        |
| <b>Rail Construction</b>                                 |                   |                   |                   |                    |                    |                    |                    |                    |                      |
| Right-of-Way   | 0                 | 0                 | 20,370,370        | 0                  | 0                  | 0                  | 0                  | 0                  | 20,370,370           |
| Transit Street Segment                                   | 0                 | 0                 | 3,971,154         | 7,090,000          | 14,728,400         | 21,096,858         | 15,264,404         | 62,738,854         | 62,738,854           |
| Mixed Tunnel   | 0                 | 0                 | 3,750,000         | 15,600,000         | 32,448,000         | 47,806,720         | 33,833,434         | 138,239,154        | 138,239,154          |
| Foam to Terminal   | 0                 | 0                 | 3,971,154         | 7,090,000          | 14,728,400         | 21,096,858         | 15,264,404         | 62,738,854         | 62,738,854           |
| Improvements in Terminal                                 | 0                 | 0                 | 0                 | 0                  | 0                  | 18,468,800         | 20,247,552         | 39,718,352         | 71,245,616           |
| Tail Track   | 0                 | 0                 | 4,509,615         | 8,040,000          | 16,723,200         | 24,658,848         | 17,334,154         | 33,098,560         | 33,098,560           |
| Traction Power, Signals, Comm., Storage Yard             | 0                 | 0                 | 4,008,482         | 7,200,000          | 14,878,000         | 22,064,640         | 15,320,123         | 63,802,225         | 63,802,225           |
| Emotionalment  | 0                 | 0                 | 20,192,308        | 0                  | 0                  | 0                  | 0                  | 0                  | 20,192,308           |
| Engineering and Construction Mgt                         | 0                 | 0                 | 30,768,231        | 12,000,000         | 24,990,000         | 39,774,400         | 25,871,972         | 130,373,003        | 130,373,003          |
| Contingency  | 0                 | 0                 | 8,682,692         | 15,460,000         | 32,198,400         | 47,439,976         | 33,374,715         | 197,174,783        | 197,174,783          |
| Project Reserve  | 0                 | 0                 | 3,971,154         | 7,090,000          | 14,728,400         | 21,096,858         | 15,264,404         | 62,738,854         | 62,738,854           |
| Rail Total   |                   |                   |                   |                    |                    |                    |                    |                    | 642,429,036          |
| <b>Total Uses of Funds</b>                               | <b>10,946,120</b> | <b>36,551,599</b> | <b>54,833,682</b> | <b>203,358,168</b> | <b>375,738,535</b> | <b>458,851,324</b> | <b>510,325,654</b> | <b>244,148,391</b> | <b>1,894,731,263</b> |
| <b>Sources of Funds - During Construction</b>            |                   |                   |                   |                    |                    |                    |                    |                    |                      |
| Tax Incremental  | 0                 | 0                 | 702,399           | 1,418,845          | 4,124,978          | 4,270,368          | 4,419,682          | -                  | 14,935,300           |
| Land Sales   | 0                 | 0                 | 36,502,281        | -                  | 22,513,820         | -                  | -                  | -                  | 22,513,820           |
| MTC Grant  | 10,946,120        | 36,551,599        | 10,000,000        | -                  | -                  | -                  | -                  | -                  | 84,000,000           |
| PIWA Funds   | -                 | -                 | 7,493,002         | 2,117,313          | 49,099,637         | 157,800,000        | 157,800,000        | 157,800,000        | 532,006,552          |
| Funding Gap  | -                 | -                 | -                 | -                  | -                  | 201,780,928        | 346,108,772        | 68,343,391         | 654,236,391          |
| TIFIA Loan Draw - Transbay JPA to apply for Loan         | -                 | -                 | -                 | 200,000,000        | 300,000,000        | 85,000,000         | -                  | -                  | 585,000,000          |
| TIFIA Loan Draw - Transbay JPA                           | -                 | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                    |
| Series 2003 Bond Proceeds - to be issued by Transbay JPA | -                 | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                    |
| <b>Total Sources of Funds</b>                            | <b>10,946,120</b> | <b>36,551,599</b> | <b>54,633,882</b> | <b>203,536,139</b> | <b>375,738,535</b> | <b>458,851,324</b> | <b>510,325,654</b> | <b>244,148,391</b> | <b>1,894,731,263</b> |

\* Includes Operating Expenses on Temporary Terminal (net of existing BATA contributions)  
 \*\* Contingency and inflation are included in the individual cost items for the terminal facility.  
 \*\*\* TIFIA Loan and 2003 Bonds will be repaid from Tax Incremental Revenue, future Land Sales and net Operating Income from the terminal

ATTACHMENT I

Date: 5/24/01  
Sender: Michelle Sexton  
To: Harvey Rose, Renata Falk, Maria Ayerdi  
Priority: Normal  
Subject: Re: Transbay Spreadsheet

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Page 2 of 2

For your analysis under description to replace second paragraph:

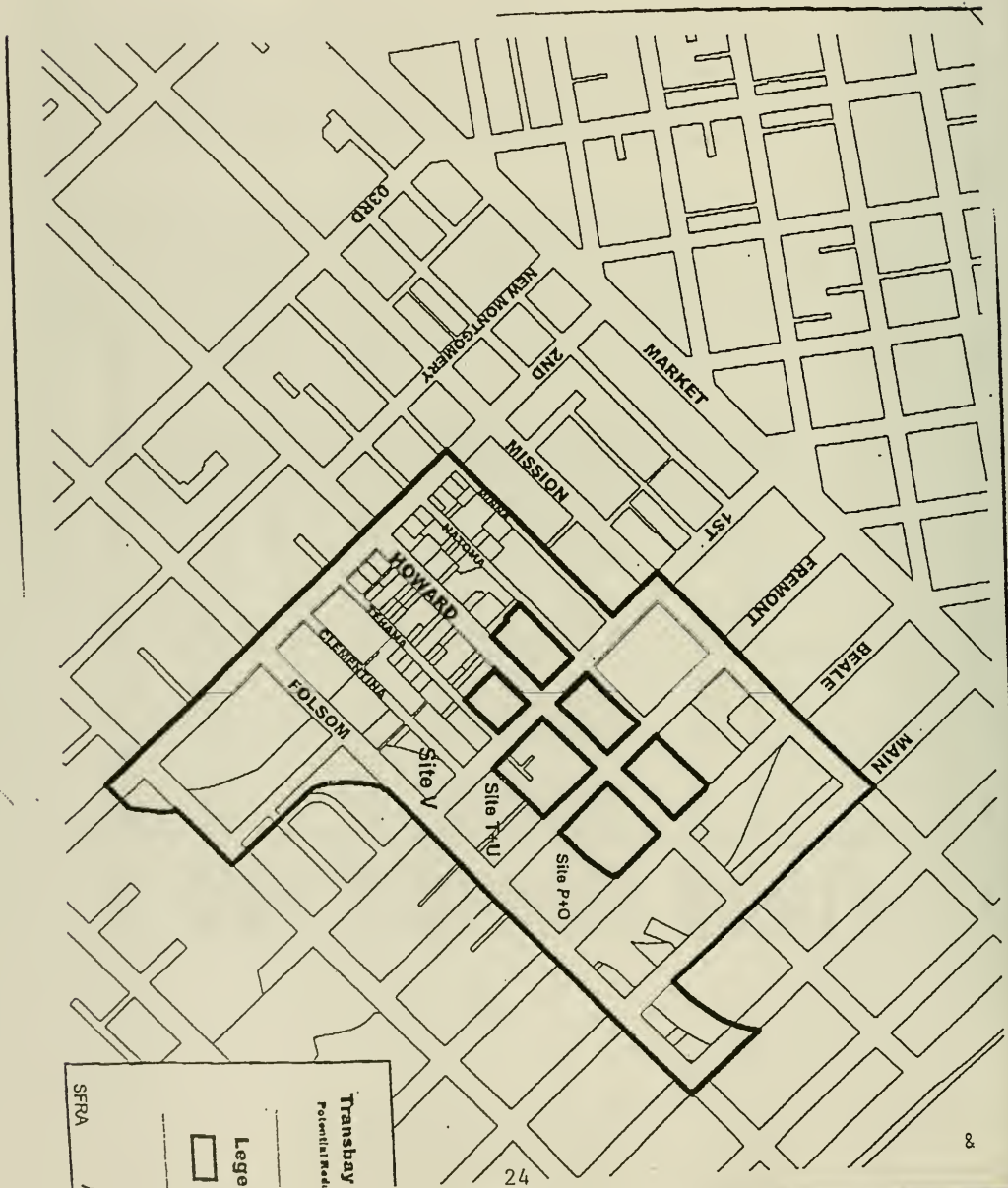
The section entitled "Uses of Funds - Construction" sets forth during the 8 year construction period the costs of designing and building the: (1) Terminal Building, (2) the Temporary Terminal and access ramp - which will provide continuous service during the construction (on the current site of the existing terminal) of the new terminal building; and (3) the rail extension from 4th and Townsend to 2nd and Mission. The total cost of the project will be \$1,894,731,263.

The section entitled "Sources of Funds - During Construction" sets forth during the 8 year construction period the sources of revenues to pay for the project. These sources include: (1) Tax Increment; (2) Land Sales; (3) MTC Grant; (4) FHWA Funds; (5) Funding Gap - unidentified at this time; (6) TIFIA Loan Draws - a federal loan program to be taken out by the Transbay Joint Powers Authority; and (7) Series 2003 Bond Proceeds to be issued by the Transbay Joint Powers Authority and not the City and County of San Francisco.

The sources set forth in the preceding paragraph reflect only the amounts received during the construction of the new terminal. Any amounts received (e.g., land sales of approximately \$400MM and Tax Increment of approximately \$800MM) after construction of the new terminal will be applied to pay off the TIFIA Loan and the Series 2003 Bonds.



The large area bounded by a heavy black line is the Transbay Redevelopment Project area, with the exception of the smaller parcels bounded by a heavy black line within that area.





Item 4 - File 01-0863

**Item:** Motion releasing \$500,000 placed on Board of Supervisors reserve for infrastructure improvements in the Sunset District.

**Amount:** \$500,000

**Source of Funds:** General Fund monies placed on reserve in the Department of Public Works' (DPW) Fiscal Year 2000-2001 budget.

**Description:** During the Fiscal Year 2000-2001 budget hearings, the Board of Supervisors approved an appropriation of \$500,000 to fund infrastructure improvements in the Sunset District and placed the \$500,000 on reserve pending submission of project plans and budget details. The subject \$500,000 in reserved funds would fund the Sunset infrastructure improvements listed in the table on the following page. One of the following three departments will oversee each of the projects, as shown in the table below: Department of Public Works (DPW), the Recreation and Park Department (RPD), and the Department of Parking and Traffic (DPT). Attachment I, provided by DPW and RPD contains a more detailed description of each project.

**Budget:** Attachment II, provided by DPW and RPD, contains budget details for the subject projects. A summary budget is as follows:

| Summary Budget of<br>Sunset Infrastructure Improvements |  | Cost             |
|---|--|------------------|
| Engineering and Design                                  |  | 107,589          |
| Materials and Supplies                                  |  | 9,357            |
| Construction Management                                 |  | 47,060           |
| Construction  |  |                  |
| Construction Completed by City Departments              |  | 20,721           |
| Construction Contracts                                  |  | 315,273          |
| <b>Total</b>  |  | <b>\$500,000</b> |

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

| Project   | City Dept | Estimated Start Date            | Estimated End Date | Amount           |
|---|-----------|---------------------------------|--------------------|------------------|
| Pedestrian Improvements<br>Sunset Blvd. and Yorba Street  | DPT       | July 2001                       | Fall 2002          | \$90,000         |
| Doggie Diner Head Repair  | DPW       | 4/1/2001<br>(see Comment No. 1) | June 29, 2001      | 25,000           |
| West Sunset Playground<br>Bleacher Renovations  | RPD       | July 1, 2001                    | July 2002          | 250,000          |
| Ocean Beach Restrooms<br>Design and Planning to renovate restrooms at the end of Judah and Wawona Streets | RPD       | July 1, 2001                    | January 2002       | 75,500           |
| Sunset Playground<br>Replace mechanical equipment in Kiln Room  | RPD       | July 1, 2001                    | Sept. 2001         | 30,000           |
| Sunset Playground<br>Replace two Ping-Pong tables   | RPD       | July 1, 2001                    | July 2001          | 500              |
| Sunset Playground<br>Bathroom stall replacement   | RPD       | July 1, 2001                    | August 2001        | 5,000            |
| Parkside Square<br>Lighting Improvements  | RPD       | July 1, 2001                    | August 2001        | 24,000           |
| <b>Total</b>  |           |                                 |                    | <b>\$500,000</b> |

**Comments:**

1. According to Mr. Nelson Wong of DPW, DPW began repairs on the Doggie Diner Head soon after it fell on April 1, 2001, because the exposed foundation required immediate attention. Mr. Wong advises that DPW has incurred costs totaling \$14,700, or 59 percent, of the total \$25,000 in subject reserved funds budgeted for the Doggie Diner Head repairs. Therefore, the proposed motion should be amended to provide for retroactive authorization.

2. As shown in Attachment II, DPW plans to select outside contractors to complete portions of the projects shown in the table on the following page.

| Projects Requiring Construction Contracts                | Amount<br>Budgeted for<br>Construction<br>Contract |
|--|--|
| Pedestrian Improvements<br>Sunset Blvd. and Yorba Street | \$52,800   |
| Doggie Diner Head Repair                                 | 15,345   |
| West Sunset Playground<br>Bleacher Renovations           | 200,000  |
| Sunset Playground<br>Replace equipment in Kiln Room      | 24,200   |
| Sunset Playground<br>Bathroom stall replacement          | 4,228  |
| Parkside Square<br>Lighting Improvements                 | 18,700   |
| Total  | \$315,273  |

According to Mr. Wong of DPW and Mr. Gary Hoy of RPD, contractors for the above construction projects will be selected through a competitive bid process.

**Recommendation:**

1. Amend the proposed motion to provide for retroactive authorization, pertaining to \$14,700 of this \$500,000 request, in accordance with Comment No. 1 above.
2. Approve the proposed release of reserved funds, as amended.

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### SUNSET BOULEVARD AND YORBA STREET, PEDESTRIAN IMPROVEMENTS

Due to various pedestrian related fatality and accidents at this location, the San Francisco Police Department's Richmond Station and the pedestrian safety task force requested a pedestrian safety assessment for this location. DPT conducted a study and found that conditions could be improved if pedestrians crossing Sunset Boulevard were channeled to the south side of the intersection.

Due to the presence of a center median on Sunset Boulevard and the lack of curb ramps in the area, certain construction work needs to be done to make this crossing possible. The work entails constructing eight curb ramps, paving a section of the median, installing a (ladder) crosswalk, constructing a section of sidewalk to connect to the bus shelters, and installing lights within the crosswalk. See attached sketch (to be faxed to you).

The initial proposal was for two projects, one for \$40,000 and one for \$50,000. It is proposed that the projects be combined for a combined cost of \$90,000. The cost is summarized as follows:

#### City Forces

- Engineering, construction management and coordination \$15,000
- Curb ramps, median modification, sidewalk & crosswalk \$25,000

#### By Contract

- Lighted crosswalk (lights imbedded in crosswalk) \$50,000

Total: \$90,000

Further information on these improvements is available by calling Jack Fleck or Amanuel Haile of DPT at 554-2344 and 554-2329, respectively.

### DOGGIE DINER HEAD REPAIR

On Sunday, April 1, 2001, the Doggie Diner head located at the northeast corner of 46<sup>th</sup> Avenue and Sloat Boulevard toppled as a result of high winds and fell into the street. The head was damaged. The pipe support, which was imbedded in concrete, was rusted and was sheared off at the base.

DPW proposes to repair the head, pour a new foundation with a new pipe support and remount the head on the support. DPW estimates that it needs \$25,000 for the project. The cost breakdown is shown below. The repair work is currently underway and is expected to be completed by June 29, 2001. Charles Camilleri of DPW's Bureau of Building Repair (695-2040) can provide additional information on the repairs.

|   |              |
|---|--------------|
| 1. BSSR removal, transportation and setting of monument                               | \$2300.00    |
| 2. Estimate for structural engineering new foundation design, permits and inspection. | \$1742.00    |
| 3. Sand blasting, lead abatement dog head   | \$2000.00    |
| 4. Stand pipe fabrication and galvanize coating.                                      | \$4800.00    |
| 5. Breakup concrete, demo and install new foundation.                                 | \$5858.00    |
| 6. Repair dog head and paint.   | \$8300.00    |
|   |              |
| total   | \$ 25,000.00 |

Items #1, 2, 4, and 5 have already been completed. Item #3 is done but not billed. Item #6 is underway and will be completed by the end of June.

## RECREATION AND PARK DEPARTMENT PROJECTS

Six infrastructure projects belonging to the Recreation and Park Department have been identified for the Sunset District. Please call Gary Hoy of Recreation and Park at 831-2703 for further information on these proposed projects.

### WEST SUNSET PLAYGROUND – BLEACHER RENOVATIONS

West Sunset Playground's bleachers have deteriorated over the years as a result of the harsh "salt fog" environment. The project will provide for the design, management and construction of renovations to the bleachers to remove and replace existing fencing and protection rails, which have corroded to an unsafe condition. Lead based paint (hazardous materials) will be abated and waterproofing systems refurbished to prevent leaking into the storage and rest rooms below.

The cost is summarized as follows (Details provided on separate spreadsheet):

#### City Forces

- Design, Engineering, and construction management \$50,000

#### By Contract

- Construction Contract and 10% Contingency \$200,000

**Total: \$250,000**

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.

### OCEAN BEACH RESTROOMS (Judah and Wawona) – RENOVATION STUDY

The project will provide for the planning, development and conceptual design, of renovations to the Convenience Facilities located at the end of Judah and Wawona Streets which may include the addition of multiple-use activity rooms for the use of the community, neighborhood organizations, and individual citizens located in District 4. It is anticipated that a change in use will deter illicit the activity which is currently a problem at both sites. Studies will include the assessment of physical condition; lead based paint, hazardous materials, and waterproofing systems. A potential project scope, schedule and budget will be prepared for incorporation into the Recreation and Park Capital Plan.

The cost is summarized as follows (Details provided on separate spreadsheet):

#### City Forces

- Assessment, design, engineering, and management \$75,500

**Total: \$75,500**

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.

### PARKSIDE SQUARE – LIGHTING IMPROVEMENTS

Parkside Square enjoys an active community of Tai Chi advocates. The project will provide for the design, management and construction of lighting improvements to the courts at Parkside Square to facilitate early morning classes. In addition, the lights will benefit tennis players during evening hours.

The cost is summarized as follows (Details provided on separate spreadsheet):

|  |          |
|--|----------|
| <u>City Forces</u>                                 |          |
| • Design, Engineering, and construction management | \$5,300  |
| <u>By Contract</u>                                 |          |
| • Construction Contract and 10% Contingency        | \$18,700 |
| Total:   | \$24,000 |

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.

### SUNSET PLAYGROUND – BATHROOM STALL REPLACEMENT

Sunset Playground's bathroom stalls have deteriorated over the years as a result of the harsh environment. The salt fog, which permeates the Sunset District, has a corrosive effect on the metal stalls dividing bathroom fixtures. This project will provide for the design, management and replacement of those stalls in both the men's and women's bathrooms.

The cost is summarized as follows (Details provided on separate spreadsheet):

|   |         |
|---|---------|
| <u>City Forces</u>                          |         |
| • Design, and management                    | \$778   |
| <u>By Contract</u>                          |         |
| • Construction Contract and 10% Contingency | \$4,228 |
| Total:                                      | \$5,000 |

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.



### SUNSET PLAYGROUND – KILN ROOM MECHANICAL EQUIPMENT

Sunset Playground's Kiln Room is not properly ventilated. To protect the health and safety of the adults and children, who use the facility, the mechanical system must be replaced. The project will provide for the design, management and replacement of the ventilation system in the kiln room as well as provide for plumbing improvements to separate excess clay from the waste plumbing systems.

The cost is summarized as follows (Details provided on separate spreadsheet):

#### City Forces

- Design, engineering and management \$5,800

#### By Contract

- Construction Contract and 10% Contingency \$24,200

**Total: \$30,000**

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.

### SUNSET PLAYGROUND – PING-PONG TABLES

Sunset Playground's Ping-Pong tables have worn to an unplayable condition. The funds identified below will provide for the replacement of two tables.

The cost is summarized as follows:

#### By Contract

- Purchasing Contract (2 Tables @ \$250/each) \$500

**Total: \$500**

Further information on these improvements is available by calling Gary Hoy, Capital Program Manager, Recreation and Park Dept. at 831-2703.

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

#### Sunset Boulevard & Yorba Street Pedestrian Improvements

##### Engineering Design

##### DPW- Bureau of Engineering

| Position                 | Class. No. | Hrly Rate | Hrs | Totals          |
|--------------------------|------------|-----------|-----|-----------------|
| Assistant Civil Engineer | 5204       | \$ 72     | 31  | \$ 2,227        |
| Civil Engineer           | 5208       | \$ 99     | 4   | \$ 395          |
| Senior Civil Engineer    | 5210       | \$ 114    | 6   | \$ 685          |
| Engineering Associate    | 5366       | \$ 73     | 8   | \$ 586          |
| Administrative Assistant | 1446       | \$ 56     | 20  | \$ 1,112        |
| TOTAL                    |            |           |     | <u>\$ 5,005</u> |

##### Construction Management

##### DPW- Bureau of Construction Management

| Position                 | Class. No. | Hrly Rate | Hrs | Totals           |
|--------------------------|------------|-----------|-----|------------------|
| Civil Engineer           | 5208       | \$ 99     | 64  | \$ 6,315         |
| Senior Civil Engineer    | 5210       | \$ 114    | 24  | \$ 2,741         |
| Engineering Associate    | 5366       | \$ 73     | 8   | \$ 586           |
| Administrative Assistant | 1446       | \$ 56     | 16  | \$ 889           |
| TOTAL                    |            |           |     | <u>\$ 10,531</u> |

##### Construction

##### DPW- Bureau of Building Repair

| Position                  | Class. No. | Hrly Rate | Hrs | Totals  |
|---------------------------|------------|-----------|-----|---------|
| Cement Mason Supervisor I | 7227       | \$66.98   | 71  | \$4,756 |
| Cement Mason              | 7311       | \$49.12   | 80  | 3,930   |
| General Laborers          | 7514       | \$42.96   | 80  | 3,437   |
| Truck Driver              | 7355       | \$47.99   | 60  | 2,879   |

TOTAL \$ 15,002

Materials and Supplies (allowance) \$ 6,662

##### Construction

##### by Contract

Construction Contract \*\*\*\* \$48,000  
10% Construction Contingency 4,800

TOTAL \$ 52,800

TOTAL PROJECT COST \$ 90,000

Source: Department of Public Works

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

#### Doggie Diner Head Repair

##### Engineering Design

##### DPW- Bureau of Engineering

| Position                 | Class. No. | Hrly Rate | Hrs | Totals   |
|--------------------------|------------|-----------|-----|----------|
| Assistant Civil Engineer | 5204       | \$ 72     | 16  | \$ 1,150 |
| Civil Engineer           | 5208       | \$ 99     | 6   | \$ 592   |
| TOTAL                    |            |           |     | \$ 1,742 |

##### Construction

##### DPW- Bureau of Building Repair

| Position                  | Class. No. | Hrly Rate | Hrs | Totals   |
|---------------------------|------------|-----------|-----|----------|
| Cement Mason Supervisor I | 7227       | \$66.98   | 10  | \$670    |
| Cement Mason              | 7311       | \$49.12   | 20  | 982      |
| General Laborers          | 7514       | \$42.96   | 48  | 2,062    |
| Truck Driver              | 7355       | \$47.99   | 32  | 1,536    |
| TOTAL                     |            |           |     | \$ 5,250 |

Materials and Supplies (allowance) \$ 2,695

##### Construction

##### by Contract

|                              |          |
|------------------------------|----------|
| Construction Contract ****   | \$13,950 |
| 10% Construction Contingency | 1,395    |

TOTAL \$ 15,345

TOTAL PROJECT COST \$ 25,032

Source: Department of Public Works

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

#### West Sunset Playground - Bleacher Improvements

##### *Engineering Design*

##### *DPW- Bureau of Engineering*

| Position  | Class. No. | Hrly Rate | Hrs | Totals           |
|---|------------|-----------|-----|------------------|
| Assistant SME Engineer                          | 5204       | \$ 72     | 120 | \$ 8,622         |
| Structural/Mechanical/Electrical (SME) Engineer | 5208       | \$ 99     | 20  | \$ 1,973         |
| Senior SME Engineer                             | 5210       | \$ 114    | 24  | \$ 2,741         |
| SME Engineering Associate                       | 5366       | \$ 73     | 32  | \$ 2,344         |
| Administrative Assistant                        | 1446       | \$ 56     | 76  | \$ 4,225         |
| TOTAL   |            |           |     | <u>\$ 19,906</u> |

##### *Construction Management*

##### *DPW- Bureau of Construction Management*

| Position                 | Class. No. | Hrly Rate | Hrs | Totals           |
|--------------------------|------------|-----------|-----|------------------|
| Civil Engineer           | 5208       | \$ 99     | 176 | \$ 17,366        |
| Senior Civil Engineer    | 5210       | \$ 114    | 72  | \$ 8,166         |
| Engineering Associate    | 5366       | \$ 73     | 32  | \$ 2,344         |
| Administrative Assistant | 1446       | \$ 56     | 40  | \$ 2,218         |
| TOTAL                    |            |           |     | <u>\$ 30,094</u> |

##### *Construction*

##### *by Contract*

|                              |           |
|------------------------------|-----------|
| Construction Contract ****   | \$180,000 |
| 10% Construction Contingency | 20,000    |

TOTAL \$ 200,000

TOTAL PROJECT COST \$ 250,000

Source: Recreation and Park Department

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

Ocean Beach Great Highway Bathrooms - Planning Study

#### Design

DPW- Bureaus of Architecture/Engineering

| Position                | Class. No. | Hrly Rate | Hrs | Totals           |
|-------------------------|------------|-----------|-----|------------------|
| Architectural Assistant | 5261       | \$ 72     | 320 | \$ 22,992        |
| Architectural Associate | 5266       | \$ 88     | 64  | \$ 5,632         |
| Senior Architect        | 5270       | \$ 114    | 24  | \$ 2,736         |
| Architect               | 5268       | \$ 99     | 80  | \$ 7,894         |
| TOTAL                   |            |           |     | <u>\$ 39,254</u> |

| Position  | Class. No. | Hrly Rate | Hrs | Totals           |
|---|------------|-----------|-----|------------------|
| Structural Mechanical Electrical (SME) Engineer | 5208       | \$ 99     | 200 | \$ 19,734        |
| Senior SME Engineer                             | 5210       | \$ 114    | 80  | \$ 9,137         |
| SME Engineering Associate                       | 5366       | \$ 73     | 40  | \$ 2,930         |
| Administrative Assistant                        | 1446       | \$ 56     | 80  | \$ 4,446         |
| TOTAL   |            |           |     | <u>\$ 36,247</u> |

|                    |                  |
|--------------------|------------------|
| TOTAL PROJECT COST | <u>\$ 75,500</u> |
|--------------------|------------------|

Source: Recreation and Park Department

**SUNSET INFRASTRUCTURE IMPROVEMENTS****ESTIMATED PROJECT BUDGET****Sunset Kiln Room****Engineering Design****DPW- Bureau of Engineering**

| Position                 | Class. No. | Hrly Rate | Hrs | Totals          |
|--------------------------|------------|-----------|-----|-----------------|
| Assistant Mech. Engineer | 5204       | \$ 72     | 20  | \$ 1,437        |
| Mechanical Engineer      | 5208       | \$ 99     | 8   | \$ 789          |
| <b>TOTAL</b>             |            |           |     | <b>\$ 2,226</b> |

**Construction Management****DPW- Bureau of Construction Management**

| Position                 | Class. No. | Hrly Rate | Hrs | Totals          |
|--------------------------|------------|-----------|-----|-----------------|
| Mechanical Engineer      | 5208       | \$ 99     | 16  | \$ 1,579        |
| Senior Engineer          | 5210       | \$ 114    | 6   | \$ 672          |
| Engineering Associate    | 5366       | \$ 73     | 12  | \$ 879          |
| Administrative Assistant | 1446       | \$ 56     | 8   | \$ 445          |
| <b>TOTAL</b>             |            |           |     | <b>\$ 3,574</b> |

**Construction****by Contract**

|                              |          |
|------------------------------|----------|
| Construction Contract ****   | \$22,000 |
| 10% Construction Contingency | 2,200    |

|              |                  |
|--------------|------------------|
| <b>TOTAL</b> | <b>\$ 24,200</b> |
|--------------|------------------|

|                           |                  |
|---------------------------|------------------|
| <b>TOTAL PROJECT COST</b> | <b>\$ 30,000</b> |
|---------------------------|------------------|

Source: Recreation and Park Department



## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

#### Sunset Playground Bathroom Stall Replacement

##### *Engineering Design* *DPW- Bureau of Engineering*

| Position                | Class. No. | Hrly Rate | Hrs | Totals        |
|-------------------------|------------|-----------|-----|---------------|
| Architectural Assistant | 5261       | \$ 72     | 8   | \$ 575        |
| Architect               | 5268       | \$ 99     | 2   | \$ 197        |
| TOTAL                   |            |           |     | <u>\$ 772</u> |

##### *Construction* *by Contract*

|                              |                 |
|------------------------------|-----------------|
| Construction Contract ****   | \$3,840         |
| 10% Construction Contingency | 388             |
| TOTAL                        | <u>\$ 4,228</u> |

|                    |                 |
|--------------------|-----------------|
| TOTAL PROJECT COST | <u>\$ 5,000</u> |
|--------------------|-----------------|

Source: Recreation and Park Department

## SUNSET INFRASTRUCTURE IMPROVEMENTS

### ESTIMATED PROJECT BUDGET

#### Parkside Lighting Improvements

##### *Engineering Design*

##### *DPW- Bureau of Engineering*

| Position                      | Class. No. | Hrly Rate | Hrs | Totals          |
|-------------------------------|------------|-----------|-----|-----------------|
| Assistant Electrical Engineer | 5204       | \$ 72     | 16  | \$ 1,150        |
| Electrical Engineer           | 5208       | \$ 99     | 8   | \$ 789          |
| Senior Elec. Engineer         | 5210       | \$ 114    | 2   | \$ 228          |
| Administrative Assistant      | 1446       | \$ 56     | 5   | \$ 271          |
| TOTAL                         |            |           |     | <u>\$ 2,438</u> |

##### *Construction Management*

##### *DPW- Bureau of Construction Management*

| Position                 | Class. No. | Hrly Rate | Hrs | Totals          |
|--------------------------|------------|-----------|-----|-----------------|
| Civil Engineer           | 5208       | \$ 99     | 16  | \$ 1,579        |
| Senior Civil Engineer    | 5210       | \$ 114    | 8   | \$ 914          |
| Engineering Associate    | 5366       | \$ 73     | 2   | \$ 147          |
| Administrative Assistant | 1446       | \$ 56     | 4   | \$ 222          |
| TOTAL                    |            |           |     | <u>\$ 2,861</u> |

##### *Construction*

##### *by Contract*

|                              |          |
|------------------------------|----------|
| Construction Contract ****   | \$17,000 |
| 10% Construction Contingency | 1,700    |

TOTAL \$ 18,700

TOTAL PROJECT COST \$ 24,000

Source: Recreation and Park Department

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Item 5 – File 01-0549

**Note:** At the Finance Committee meeting of May 23, 2001, an amended supplemental appropriation ordinance was submitted to the Finance Committee by the Controller. This report is based on the amended version of the proposed supplemental appropriation.

**Department:** Fire Department

**Item:** Supplemental Appropriation for Uniform Salaries, Mandatory Fringe Benefits and Overtime costs of uniform Firefighters and Investigators in the Fire Department

**Amount:** \$3,360,476

|                         |   |                    |
|-------------------------|---|--------------------|
| <b>Source of funds:</b> | Airport Revenues  | \$795,476          |
|                         | Increased Fire Inspection Services Revenue  | 505,000            |
|                         | Increased Fire Plan Checking Revenue  | 360,000            |
|                         | Increased Paramedic Services Revenue  | 500,000            |
|                         | Transfer of General Fund Monies Appropriated in the Police Department's FY 2000-2001 budget for payment of rent for use of Police Training Facilities at Treasure Island to the Fire Department | <u>\$1,200,000</u> |
|                         | Total Sources   | \$3,360,476        |

**Description:** The proposed supplemental appropriation is comprised of the following expenditures for Overtime, Uniform Salaries and Mandatory Fringe Benefits :

|                           |                |
|---------------------------|----------------|
| Overtime                  | \$2,160,476    |
| Uniform Salaries          | 960,000        |
| Mandatory Fringe Benefits | <u>240,000</u> |
| Total                     | \$3,360,476    |

The original proposed supplemental appropriation ordinance was in the amount of \$2,991,267, including \$1,626,267 in General Fund Reserve monies, for Fire Department Overtime expenditures. The Budget Analyst recommended that the Finance Committee reduce the original proposed supplemental appropriation request of \$2,991,267 for Overtime by \$830,791 to \$2,160,476. The Budget Analyst further recommended that the \$1,626,267 in General Fund Reserve monies be eliminated through the recommended reduction of \$830,791 in Overtime expenditures and that Airport Revenues be used as a source of funds in the amount of \$795,476.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

The amended version of the proposed supplemental appropriation, as submitted by the Controller, reflects the recommendations of the Budget Analyst.

In addition, the amended version of the proposed supplemental appropriation would also reappropriate to the Fire Department \$1,200,000 in General Fund monies currently appropriated in the Police Department's FY 2000-2001 budget for an annual payment to Treasure Island for rent of Police Training Facilities located on Treasure Island. As of the writing of this report, the sublease agreement between the Police Department and Treasure Island has not been approved by the Finance Committee.

According to Mr. Matthew Hymel, Chief Deputy Controller, if the Police Department sublease of Treasure Island facilities is not approved, the General Fund payment of \$1,200,000 for the use of that facility cannot be made to Treasure Island. Therefore, Mr. Hymel states that the Treasure Island budget, which assumed approval of the proposed sublease, will incur a deficit of \$1,200,000 for FY 2000-2001.

The Fire Department's FY 2000-2001 budget includes work order expenditures in the amount of \$3,397,191 for Fire suppression services on Treasure Island. These work order expenditures are funded by a payment from funds appropriated in the Treasure Island budget.

By transferring the \$1,200,000 from the Police Department budget to the Fire Department budget, as is being proposed in the amended version of the proposed supplemental appropriation, Fire Department work order expenditures would be covered by funds that would have otherwise have been paid to Treasure Island by the Police Department and Treasure Island's direct payment for Fire Department expenditures can be reduced by \$1,200,000 from \$3,397,191 to \$2,197,191. The Treasure Island budget deficit resulting from the absence of an approved sublease with the Police Department would therefore be eliminated.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Comments:

1. The Budget Analyst continues to recommend approval of the proposed supplemental appropriation for Fire Department Overtime in the reduced amount of \$2,160,476 (the original request of \$2,991,267 less \$830,791 and further substitutes \$795,476 in Airport Revenues for General Fund Reserve monies).
2. The proposed amendment to the supplemental appropriation, which would transfer funds from the Police Department to the Fire Department in the amount of \$1,200,000 to pay for Fire Department suppression services at Treasure Island in order to avoid a deficit for Treasure Island, would have the same practical effect of the Police Department making the sublease payment directly to Treasure Island. The Budget Analyst considers the Controller's amendment regarding this \$1,200,000 transfer to be a policy matter for the Board of Supervisors because the Finance Committee has not yet approved the Police Department's sublease agreement (File 01-0944) with Treasure Island.

Recommendations:

1. Approve the proposed supplemental appropriation of \$2,160,476 (a reduction of \$830,791) from the following sources:

|  |                |
|--|----------------|
| Airport Revenues                           | \$795,476      |
| Increased Fire Inspection Services Revenue | 505,000        |
| Increased Fire Plan Checking Revenue       | 360,000        |
| Increased Paramedic Services Revenue       | <u>500,000</u> |
| Total                                      | \$2,160,476    |

2. Approval of the appropriation to the Fire Department of \$1,200,000 in funds currently budgeted in the Police Department for the Police Department's FY 2000-2001 sublease payment to Treasure Island is a policy matter for the Board of Supervisors.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

B L A N K



Item 6 - File 01-0815

**Note:** This item was continued by the Finance Committee at its meeting of May 23, 2001.

**Department:** Department of Administrative Services  
Department of Elections

**Item:** Resolution approving a new lease of real property located at 1667 Market Street on behalf of the Department of Administrative Services, for the Department of Elections.

**Location:** 1667 Market Street, at Gough Street

**Lessor:** The Kerson Family Trust/ Silberstein & Constantine Holdings, LLC

**Lessee:** Department of Elections

**No. of Sq. Ft. and Monthly Rental:** 18,500 square feet at a monthly rent of \$57,291.67 per month (approximately \$3.10 per square foot per month).

**Annual Rent:** \$687,500 annually at the same rate for all five years of this proposed lease.

**Term of Lease:** Five years, beginning approximately September 1, 2001

**Right of Renewal:** Option to renew for an additional five years at 95 percent of the then fair market value, as determined by independent appraisals obtained by the Division of Real Estate and the lessor.

**Source of Funds:** General Fund to be included in the FY 2001-2002 budget of the Department of Elections

**Lessor Services:** Lessor would be responsible for taxes, insurance, maintenance of the structural components of the building (i.e., roof, foundation, exterior, etc.) and HVAC and elevator maintenance as well as janitorial, water, sewer, trash and miscellaneous repairs.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

**Lessee**

**Responsibilities:** The City would be responsible for the Department's pro rata share of any increase in the Lessor's operating costs in excess of the 2002 base year. In addition, the City would be responsible for gas and electrical services and any other direct operational costs of the Department within the premises.

**Tenant Improvements:** The proposed resolution would require the Lessor to construct and pay for tenant improvements, as requested by the City, of up to \$650,000. The City would be required to pay for any requested tenant improvements exceeding \$650,000. The subject lease also states that if the tenant improvements cost less than \$650,000, the Lessor would pay the differential amount of up to \$650,000 to the Department of Elections to offset their costs associated with relocation to the new facility (See Comment No. 3).

**Comments:**

1. According to Mr. Ara Minasian of the Department of Administrative Services, there are currently 16 FTE staff (8 Permanent positions and 8 Temporary positions) employed in the Department of Elections. The Department of Elections FY 2000-2001 budget authorizes 39 FTE staff (15 Permanent positions and 24 Temporary positions). Mr. Minasian advises that during a Fall election season, which extends from approximately September through early January, the Department hires additional Temporary staff, expanding up to 126 additional employees.

Mr. Minasian advises that the Department has proposed an expansion of the existing 15 FTE Permanent positions to 24.75 FTE Permanent positions, an increase of 9.75 new FTE Permanent positions in the upcoming FY 2001-2002 budget. According to Mr. Minasian, it is anticipated that the level of Temporary staffing will remain the same, at approximately 24 FTE Temporary positions, although the funding for such Temporary positions is anticipated to increase by \$50,000 from \$850,000 in the current fiscal year to \$900,000 in FY 2001-2002, due to an adjustment in the pay

scales for such employees. Overall, the current 39 FTE staff is therefore requested to increase to 48.75 FTE staff. According to Ms. Taylor Emerson of the Mayor's Office, the Mayor's proposed FY 2001-2002 budget is anticipated to include these 48.75 FTE positions and an additional \$396,638 for salaries for the Department of Elections.

2. As discussed in Attachment I, provided by Ms. Mary Hobson of the City Architects Office, the Department of Elections currently occupies 12,790 square feet of ground floor of space in City Hall on a year-round basis. This 12,790 square feet of space includes two large ballot storage rooms, comprising a total of 2,090 square feet, that were originally used by City Hall Building Operations to store City Hall building supplies (i.e., paper towels, toilet paper, heat pumps, air filters, etc.). According to Ms. Emerson, the purchase of City Hall building supplies has been reduced and such supplies are currently being temporarily stored throughout the basement of City Hall, which reduces the efficiency of the building's operations.

3. The proposed resolution would approve a new lease for 18,500 square feet of office and storage space for the Department of Elections, on a year-round basis. Therefore, the proposed lease would provide 5,710 square feet of additional office and storage space for the Department (18,500 square feet proposed less 12,790 square feet existing space).

In addition, the Department currently rents approximately 7,000 square feet of warehouse space at Pier 29 from the Port at a cost of approximately \$5,600 per month (\$67,200 annually) for storing old ballots and equipment needed on election days. The Department advises that if the proposed new lease is approved, the Department would still require the Pier 29 warehouse space for additional storage purposes.

Ms. Emerson advises that during the November of 2001 election period, the Election Department's

activities expanded to additional conference rooms, the basement corridors, and adjacent hallways for a total of an additional 7,720 square feet of space. According to Ms. Christiane Hayashi of the Department of Elections, during the November of 2000 elections, the Department also rented additional space for two days at Bill Graham Auditorium and for approximately two to three weeks at Brooks Hall. Mr. Minasian advises that, since this space was available, the Convention Facilities Division provided this space to the Department of Elections at no additional cost. These additional facilities were required to assemble the ballots, canvass each of the precincts and fully review the counts. Mr. Philip Paris of the Department of Elections advises that, if the proposed new lease is approved, the Department would not need to rent any additional space during the election period, as was previously necessary.

Ms Hayashi advises that using these temporary facilities that were not immediately adjacent to the Department's offices, as well as using various other cramped spaces in City Hall resulted in significant additional staff time and inefficiencies that would not occur if the Department's offices and assembly space were located together. In addition, Ms. Emerson notes that the Department was required to spend approximately \$75,000 to repair the tile and historic marble that was damaged by the Election Department's equipment and activities that occurred in the corridors of City Hall. Ms. Hayashi advises that although a substantial amount of staff time was unnecessarily expended because of insufficient space available for the Department of Elections, she cannot estimate the amount of additional time and costs that were expended. Ms. Emerson advises that the proposed FY 2001-2002 budget assumes that staffing efficiencies will occur with this new lease, although the exact amount cannot be quantified as of the writing of this report.

As indicated in Attachment I, the Department has also requested that if the proposed new lease is

approved, that approximately 800 square feet of office space be maintained for the Department of Elections in City Hall to facilitate public access for the Department.

If the proposed 18,500 square foot lease is approved, and the Department retains the 7,000 square foot warehouse space on Pier 29 and maintains an 800 square foot office in City Hall, the Department of Elections total office and storage space would be 26,300 square feet. As discussed above, the Department currently has a total of 19,790 square feet of office and storage space (12,790 square feet in City Hall and 7,000 square feet on Pier 29). Therefore, the total proposed office and storage space for the Department would increase from 19,790 square feet to 26,300 square feet, an increase of 6,510 square feet, or a 32.9 percent increase on an ongoing basis. Ms. Emerson notes that, as indicated above, the Department of Elections also required an additional 7,720 square feet of space during the November of 2000 election period, such that according to Ms. Emerson's calculations, the subject lease actually results in a loss of 1,210 square feet. However, the Budget Analyst notes that the additional 7,720 square feet of space was not needed for the entire year, but only during the height of the election season and the additional 7,720 square feet of space did not result in any additional rental expenses for the City, such that the proposed lease will result in an increase of 6,510 square feet, or a 32.9 percent increase and an additional annual cost of \$687,500 on an ongoing basis.

4. Attachment II, provided by the Mayor's Office shows a preliminary relocation project budget of \$1,140,000, of which \$607,750 is for tenant improvements and \$42,250 for Design/Coordination services, which total \$650,000. This amount of \$650,000 would be paid by the Lessor. As of the writing of this report, the Department does not have detailed cost estimates for the proposed \$650,000. Ms. Hobson advises that she anticipates



receiving detailed cost estimates from the contractor by May 18, 2001.

As shown in Attachment II, the Department anticipates that as part of the total estimated relocation budget of \$1,140,000, an estimated \$490,000 would be required to complete the move, including funds for Space Planning and Furniture<sup>1</sup> (\$117,000), Moving costs (\$10,000), Project Management (\$13,000) and Data/Voice Wiring and Equipment (\$350,000). This estimated \$490,000 would need to be funded with General Fund revenues. Mr. Minasian advises that, although the proposed budget as shown in Attachment II identifies \$350,000 for the Department of Telecommunications and Information Services (DTIS), DTIS has advised the Department of Elections that the actual cost will be approximately \$600,000, or \$250,000 more than shown on Attachment II, for all of the telecommunications, data wiring, new PacBell lines and wire connections to City Hall that would be required to make the new Department of Elections space fully operational. However, as of the writing of this report, DTIS could not provide detailed cost estimates to the Budget Analyst.

Therefore, the Budget Analyst notes that the proposed total relocation budget for the Department of Elections would be \$1,390,000 (\$1,140,000 as shown in Attachment II, plus \$250,000 for DTIS), of which the lessor would pay for \$650,000, such that the City would be responsible for funding \$740,000 of one-time expenses from the General Fund. Ms. Emerson advises that any additional DTIS costs, not included in Attachment II, would need to be funded through DTIS's annual \$1 million Citywide allocation for telephone services. Ms. Emerson advises that, if the proposed lease is approved, the Mayor's Office anticipates including \$572,917

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<sup>1</sup> All furniture purchased for City Hall is required to stay in City Hall, such that the Department of Elections would not be permitted to move any of their existing furniture to the new lease site.



(based on an estimated ten months of occupancy from September 1, 2001 through June 30, 2002) for the new lease costs and \$490,000 for the one-time improvements, or total costs of \$1,062,917 in the Department of Elections FY 2001-2002 budget.

5. Mr. Steve Legnitto of the Department of Real Estate advises that the proposed office space includes two floors plus the mezzanine in the building at 1667 Market Street. According to Mr. Legnitto, the proposed monthly rental rate of \$3.10 per square foot, or \$37.20 annually per square foot represents the current fair market value for the subject property. According to Mr. Legnitto, the original lease was to extend for ten years, but, the lease was reduced to the proposed period of five years, in order to enable the Department of Elections to potentially relocate after five years to a City-owned facility.

6. Mr. Paris advises that if the proposed resolution is approved, the Department would move into the proposed new space in early September of 2001, resulting in 10 months of rent for FY 2001-2002. According to Mr. Paris, this move would enable the Department to be fully operational in the new space for the November of 2001 election.

7. According to Ms. Hobson, if the proposed lease is approved, it has not yet been decided who will move into the Department of Elections current space in City Hall. Of the 12,790 square feet of space currently occupied by the Department of Elections, 2,090 square feet would be used by City Hall Building Operations for storage of building supplies and according to Ms. Hobson, 800 square feet of space is being requested by the Department of Elections, leaving a balance of 9,900 square feet of space. Ms. Emerson advises that decisions about backfilling the space at City Hall would have to consider: (1) individual City department space needs, (2) appropriate fit of the existing space with workflow and public interaction, and the (3) potential for reduced expenditures in existing City leases. If a City Department moves from existing

leased space to City Hall, there would be a savings, potentially to the City's General Fund, for such leased expenses, which could partially or fully offset the proposed increased relocation costs for the Department of Elections. However, an estimate of such offset savings is not known at this time and it is not known at this time if any department plans to leave their existing leased facility and move into the Department of Elections current basement space in City Hall, according to Ms. Emerson.

8. In summary, the proposed resolution would authorize the Department of Elections to lease 18,500 square feet of space at 1667 Market Street and to move out of the 12,790 square feet of space in the basement of City Hall. The annual rental costs of the new lease would be \$687,500. The Department does not currently pay for use of City Hall space. In addition, one-time costs of up to \$1,390,000 are projected, of which the landlord would pay \$650,000 and the remaining \$740,000 would be a City expense. Of the City's \$740,000 obligation, \$490,000 would be new General Fund expenses and the remaining \$250,000 would be paid from DTIS's \$1 million annual appropriation for City-wide telephone services. There could be some offset of existing leased costs if another General Fund department relocates from leased space and is transferred into the current Department of Elections space in City Hall. However, as of the writing of this report, there is no estimate of such offset savings in leased costs or whether any department will vacate their existing leased space.

**Recommendation:** Approval of the proposed new lease for the Department of Elections is a policy matter for the Board of Supervisors.



## OFFICE OF THE CITY ARCHITECT

WILLIE L. BROWN, JR.  
MAYOR

ANTHONY E. IRONS  
CITY ARCHITECT

### Memorandum

To: Taylor Emerson  
From: Mary Hobson  
Date: May 2, 2001  
Subject: Evaluation of the Assessor's Office as a Possible Back-fill Tenant  
for City Hall Office Space Vacated by the Department of Elections

The Department of Elections currently occupies 12,790 square feet of ground floor office space in City Hall on a year-round basis. The department will vacate this area when it relocates later this year.

Included in the 12,790 square feet of Elections space, are two large ballot storage rooms originally utilized by City Hall Building Operations to store building supplies. It is recommended that these two rooms be returned to their original function. This will reduce the available space to be back-filled by other City departments to 10,700 square feet. In addition, it is the request of the Department of Election that approximately 800 square feet of office space be reserved by them for use as a satellite office to facilitate public access.

The area available is currently broken into 17 individual rooms. The space has two reception areas, three private offices, one conference room, one public access file room, 2 secured file storage rooms, and 7 rooms containing open office designed to accommodate approximately 35 people.

At your request I have completed a brief study of whether the Assessor's Office staff currently located at 875 Stevenson is a good match to back fill the space. It is my opinion that with minor building modifications, this group could effectively use the space. It is also my opinion, that with space plan and furniture modifications the space could be more efficiently utilized. The Assessor's Office could then be accommodated within a portion of the available area, and the remaining space would then be available for use by another City department.

Our office is in the process of identifying other possible City Departments that may be interested in the available space. While the Assessor's Office from 875 Stevenson is a possible candidate, I recommend that a more detailed evaluation be made before a final decision is made. I have attached is brief analysis of my findings. Please feel free to contact me to discuss this further.

Cc: Ryan Brooks, Admin. Services  
Yomi Agunbiadi, City Architect's Office

ELECTIONS RELOCATION  
PRELIMINARY PROJECT BUDGET

Relocation of Elections to 1667 Market Street

| Relocation of Elections to 1667 Market Street |                              | Preliminary Budget: | City Budget |              |
|---|------------------------------|---------------------|-------------|--------------|
|   |                              |                     | FY 00/01    | FY 01/02     |
| Tenant Improvements                           | TBD                          | \$607,750.00        | \$0.00      | \$0.00       |
| Design/Coordination                           | Komorous Towey Architects    | \$42,250.00         | \$0.00      | \$0.00       |
| Space Planning & Used Furniture               | Interior Motion              | \$117,000.00        | \$0.00      | \$117,000.00 |
| Move Services                                 | Lynch & Sons                 | \$10,000.00         | \$0.00      | \$10,000.00  |
| Project Management                            | Office of the City Architect | \$13,000.00         | \$0.00      | \$13,000.00  |
| * Data/Voice Wiring & Equipment               | DTIS                         | \$350,000.00        | \$0.00      | \$350,000.00 |
|   | Total:                       | \$1,140,000.00      |             |              |
|   | Total Owner Financed:        | \$650,000.00        |             |              |
|   | Total City Financed:         | \$490,000.00        | \$0.00      | \$490,000.00 |

\* DTIS budget is very preliminary. More accurate figures will be available after a 5/8 site tour.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Item 7 – File 01-0836

**Department:** Department of Administrative Services  
Department of Elections

**Item:** Hearing to consider release of reserved funds in the amount of \$800,000 to purchase equipment and \$251,000 for non-personal services for the Department of Elections for a total of \$1,051,000.

**Description:** On April 23, 2001, the Board of Supervisors approved a supplemental appropriation (File 01-0249) for the Department of Elections in the amount of \$2,411,887 to fund cost overruns that resulted from the November and December of 2000 elections. Of the \$2,411,887 approved, the Finance Committee reserved \$800,000 to complete the purchase of the optical scan voting technology system equipment and \$251,000 for the remaining service fee payments on the optical scan voting technology system equipment. These funds were placed on reserve by the Finance Committee because at the time the requested supplemental appropriation was approved, the Department of Elections was in the midst of negotiations with the optical scan voting technology system vendor, Elections Systems and Software, Inc. (ES&S), regarding (1) whether the City should complete the purchase or alternatively lease the optical scan voting technology system; and (2) whether there was contract nonperformance by ES&S during the November and December of 2000 elections.

In April of 2001, when the supplemental appropriation was approved, Ms. Christiane Hayashi of the Department of Elections advised the Budget Analyst that she was continuing to negotiate with ES&S regarding contract modifications in order to preserve the Department's flexibility in the future, when the Department plans to upgrade to touch-screen voting, estimated to cost approximately \$10 to \$12 million. Therefore, although the Department had originally proposed to purchase the optical scan voting technology system from ES&S, the Department wanted to



further analyze the option of applying the previous purchase payments as lease payments for the optical scan equipment.

Comments:

1. The Attachment, provided by Mr. Ara Minasian of the Department of Administrative Services, explains the Department of Elections need for the subject requested funds totaling \$1,051,000. As noted in the Attachment, as a result of negotiations between ES&S and the City, the City will need to proceed with the purchase, instead of a lease, of the optical scan technology system from ES&S because ES&S would not agree to change the existing purchase arrangements for the voting equipment, according to Ms. Hayashi.

As further noted in the Attachment, the Department of Elections entered into a third party loan agreement with Norwest Investment Services, Inc. (Norwest) in April of 2000, to finance the purchase of the optical scan voting technology system from ES&S over a period of five years. This loan agreement was entered into because at the time the voting system project was being planned, during the Spring of 2000, the FY 2000-2001 funding level for the Department of Elections' voting system had not yet been determined. Therefore, the Mayor's Budget Office and the Controller anticipated the need to finance the purchase of the system rather than purchase it outright, as stated in the Attachment.

2. Ms. Theresa Alvarez of the City Attorney's Office advises that this third party loan agreement between the City and Norwest was not subject to the Board of Supervisors approval because it did not meet the City's required threshold of at least ten years and \$10,000,000. Therefore, the Budget Analyst's Office has not made a detailed review of the subject loan agreement between the City and Norwest.

3. The Mayor and the Board of Supervisors approved \$3,241,739 of Capital Expenses in the Department of Elections FY 2000-2001 budget for



the purchase of the optical scan voting technology system from ESS. Therefore, Mr. Minasian advises that it has been the intent of the City to pay off the Norwest loan agreement during FY 2000-2001, rather than continue the loan payments over the original five year loan period. The proposed request for release of \$800,000 would be used, in conjunction with the Department of Elections budgeted funds, to fully pay back the Norwest loan to enable the Department of Elections to complete this equipment purchase.

4. In addition to the original \$3,241,739 purchase price, the City has incurred additional net interest costs of \$75,139, for a total principal and interest cost to be repaid to Norwest of \$3,316,878. However, as noted in the Attachment, the previous supplemental appropriation included only \$65,000 of additional funds to pay the net interest costs. Therefore, \$10,139 (\$75,139 total net interest less \$65,000 previously appropriated) in additional interest is now required.

5. As discussed in the Attachment, based on the negotiations between the City and ES&S, ES&S has now agreed to give the City a net credit of \$168,924.

6. Therefore, as discussed in the Attachment, the Department is requesting \$641,215 of the requested \$800,000 on reserve be released, and that the remaining \$158,785 (the \$168,924 owed to the City by ES&S less the \$10,139 in additional interest for the Norwest loan) should continue to be reserved. The \$641,215 would be combined with the Department's existing budgeted funds of \$3,241,739 to pay Norwest the principal and interest expenses in order to complete the purchase of the optical voter scan equipment technology system from ES&S.

7. The requested \$251,000 for non-personal services is to pay ES&S the 2001 annual service fee. In accordance with the agreement between ES&S and

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

the City, the City agreed to pay ES&S the following annual service fees:

January 20, 2001 - \$251,300  
January 20, 2002 - \$145,900  
January 20, 2003 - \$251,300  
January 20, 2004 - \$145,900

These fees provide for ES&S's ongoing logistical support, system maintenance, training, storage, and reporting on the optical scan voting technology system for the Department of Elections. Mr. Minasian advises that the subject ES&S agreement would be subject to renegotiation, if the City decides to purchase a touch screen voting system from ES&S, prior to 2004.

**Recommendations:**

1. Approve the release of \$641,215 out of the requested release of \$800,000 to complete the purchase of the optical scan voting technology system. Continue to reserve the balance of \$158,785, which can be returned to the General Fund.
2. Approve the requested release of \$251,000 for the 2001 annual service fee payment owed to Election Systems and Software, Inc. in accordance with the agreement between ES&S and the City.



# DEPARTMENT OF ADMINISTRATIVE SERVICES

WILLIE L. BROWN, JR.  
MAYOR

RYAN L. BROOKS  
DIRECTOR

May 24, 2001

To : Debra Newman

From : Ara Minasian *AM*

Subject: Information on release of reserve for Elections

The Elections Department requests the release of reserves placed by the Board of Supervisors on the Elections budget as part of the recent supplemental appropriation. These reserves were placed pending the results of discussions with the voting system supplier, ES&S, to restructure the contract for the optical scan voting system from a purchase to a lease. As a result of these discussions, the City will need to proceed with the purchase of the optical scan system. ES&S has offered a proposal to upgrade the optical scan system to a touch screen system, which the Elections Department will be reviewing. Prior to considering any upgrade, however, we must complete the purchase of the optical scan system as contracted.

The FY 00-01 Elections Department budget includes funds for the full purchase of the voting system; however, the City is under contract with a third party lessor, Norwest Investment Services, to lease the voting system over a five-year term. I am informed by Mayor's budget office and Controller's staff that, at the time the voting system project was being planned in the spring of 2000, the FY 00-01 funding level for the voting system had not been determined. It was anticipated that the City would need to finance the purchase of the system, rather than purchase it outright. Bids were solicited for this financing, and Norwest Investment Services was the successful bidder. Subsequent to the award of contracts to ES&S and Norwest, the Mayor's budget office determined that funds would be available in the FY 00-01 budget to purchase the system, and these funds were approved by the Board of Supervisors.

It has therefore been the intent of the City to buy out the Norwest lease and purchase the voting system directly from ES&S this fiscal year. As indicated, the City has been engaged in negotiations with ES&S over the past several months, regarding both the credits that the City would receive from ES&S for performance issues in the November and December elections, and the potential restructuring of the purchase contract into a lease. Because these negotiations are completed, the City is now in a position to proceed with the purchase as budgeted.

Debra Newman  
May 24, 2001  
Page 2

Two factors modify the amount needed to complete the purchase from the amount budgeted:

- **Credit from ES&S.** I am informed by Chris Hayashi that, after extensive negotiations, ES&S has agreed to give the City a credit of \$168,924 . I do not have documentation regarding this amount but will attempt to obtain it.
- **Interest costs.** By the time the buy out of the lease is completed, the City will have incurred net interest costs of approximately \$75,000 for the Norwest lease. This represents the difference between interest charged on principal and interest received on funds held in escrow. The supplemental appropriation included \$65,000 toward these net interest costs.

The net impact of these two factors is that \$158,785 of the \$800,000 reserve is surplus, so that the amount requested to be released is \$641,215.

The entire \$251,000 on reserve for services of ES&S needs to be released. I have provided documentation.

Please let me know if there are any questions.

c: Taylor Emerson  
Ryan Brooks  
Bill Lee

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting  
Item 8 – File 01-0818

- Department:** Treasurer and Tax Collector's Office
- Item:** Resolution urging the Treasurer of the City and County of San Francisco to study methods of reducing the costs associated with the City's acceptance of credit cards for constituent transactions.
- Description:** According to Mr. Jay Banfield of the Treasurer and Tax Collector's Office, the City currently accepts credit cards as a form of payment for various City transactions, including (a) payment of parking citations (Department of Parking and Traffic), (b) payment of services rendered at San Francisco General Hospital (Department of Public Health), (c) payment of permit fees (Bureau of Building Inspection) and (d) payment of property taxes (Tax Collector's Office). Mr. Banfield advises that approximately 125,000 transactions related to payments to the City have been conducted with credit cards in FY 2000-2001. The proposed resolution states that the City anticipates enabling an increasing percentage of the public's transactions online, through the Internet, thereby increasing the reliance on the use of credit cards.
- Mr. Banfield advises that the City is currently charged from 1.65 to 2.25 percent of the charges for each credit card transaction (See Comment No. 1). Mr. Banfield estimates that the City's credit card merchant fees will total approximately \$185,000 for FY 2000-2001. The proposed resolution would enable the Treasurer's Office to study various methods to reduce these credit card fees that are currently charged to the City. According to Mr. Banfield, approval of the proposed resolution would be a statement of support from the Board of Supervisors for the proposed study by the Treasurer's Office.
- Comments:** 1. Mr. Banfield advises that merchant fees are reduced as the volume of charges increases and/or the average value of transactions increases. The overall merchant fee is comprised of both (1) the interchange rate, or the fee that the credit cards charge the banks



Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

and, (2) the fees that the bank charges the City. According to Mr. Banfield, one of the objectives of the proposed study would be to potentially reduce the fees that the banks charge to the City.

2. According to Mr. Banfield, if the proposed resolution is approved, the Treasurer's Office staff would conduct an in-depth study and evaluation of alternative methods for reducing the costs of the City accepting credit card payments. Although Mr. Banfield cannot precisely estimate the amount of staff time that will be needed to conduct the proposed in-depth study as of the writing of this report, Mr. Banfield advises that the proposed study would not require any additional appropriation of funds to complete.

Mr. Banfield estimates that the study will take six months to complete, and at that point, the Treasurer's Office would report back to the Board of Supervisors on the findings and results, and if appropriate, recommend a course of action for the City to take.

3. Mr. Banfield reports that the Treasurer's staff would explore various methods for reducing credit card costs, such as: (1) analyzing the ability of the City to process its own credit cards, which would require detailed discussions with State regulatory officials; (2) discussing with third party partners or City vendors, that have a higher volume of credit card business, whether the City could negotiate a better rate through alternative arrangements; and (3) working with other municipalities to form a pool for reducing credit card expenses. Mr. Banfield also advises that electronic checks, which allow the customer to pay for services online via the computer, by providing bank routing information, bank account number, etc. currently impose much lower transaction fees on the City. As such, Mr. Banfield advises that the use of such electronic checks would be further explored as part of the proposed study.

As noted above, after completion of the study, Mr. Banfield advises that the Treasurer's Office would report back to the Board of Supervisors on the findings



Memo to Finance Committee

May 30, 2001 Finance Committee Meeting

and results, and if appropriate, recommend a course of action for the City to take.

**Recommendation:** Approve the proposed resolution.

Item 9 - File 01-0835

**Department:** Department of Public Health (DPH)  
Department of Real Estate (DRE)

**Item:** Resolution authorizing a new five-year lease of real property at 1380 Howard Street for the Mental Health and the Community Substance Abuse Divisions of the Department of Public Health (DPH).

**Location:** 1380 Howard Street

**Purpose of Lease:** The proposed five-year lease would replace an existing month-to-month lease for office space at 1380 Howard Street currently occupied by the Department of Public Health's (DPH) Mental Health and the Community Substance Abuse Divisions, Management and Information Systems, Mobile Crisis Service staff, Managed Care Division, Public Health Division fiscal staff, senior management staff, and the DPH Pharmacy. According to Ms. Judy Schutzman of the DPH, DPH programs and staff would remain in their current locations in the building, under the proposed five-year lease, with no increase in leased space.

**Lessor:** Cort Family Living Trust

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and  
Cost Per Month:** Approximately 70,300 square feet at approximately \$1.42 per square foot per month, for a total of \$100,000 per month in rent (\$1,200,000 annually). This rent of \$100,000 per month would be fixed for the first two years of the five-year lease term, until July 1, 2003, at which point the rent would be adjusted to an amount equal to 95 percent of the prevailing market rate, as negotiated by the City and the lessor, provided that the monthly Base Rent does not exceed \$211,000 (\$2,532,000 annually), or approximately \$3.00 per square foot. As stated in Attachment I, Mr. Steve Legnitto of the Division of Real Estate, Department of Administrative Services, advises that the City and the lessor negotiated the ceiling of \$211,000 per month, which would be an increase of 111 percent from the current rent of \$100,000 per month, in order to protect the City from a potential higher increase in the prevailing market rental rate.

**Annual Rent:** \$1,200,000, or approximately \$17.07 per square foot, based on 70,300 square feet. In addition, the City would be required to pay to the Landlord any increases in Property Taxes over the base year of 1997. Ms. Schutzman advises that 1997 was negotiated as the base year. As stated in Attachment II, provided by DPH, DPH does not know how much the Landlord's Property Taxes have increased since 1997. The Landlord has never billed the City for any increases in Property Taxes because, according to Ms. Schutzman, the increases have been small. The existing month-to-month lease contains a provision allowing the Landlord to bill the City for such increased costs, as stated in Attachment II. Ms. Schutzman states that the amount of any future increases is difficult to estimate.

**Decrease From  
Previous Lease:**

The current monthly rent that DPH pays for this space is \$107,000, or \$1,284,000 annually, at \$1.52 per square foot per month based on 70,300 square feet. The proposed monthly rent of \$100,000, or \$1,200,000 per year, at \$1.42 per square foot per month, represents an annual decrease of \$84,000, or approximately 6.5 percent. Ms. Schutzman advises that that DPH negotiated the \$84,000 decrease in annual rent in order to compensate for the new requirement that DPH pay for all janitorial services, which are currently paid by the landlord under the existing month-to-month lease, according to Ms. Schutzman. Ms. Schutzman advises that DPH plans to conduct a competitive bidding process in June of 2001 to select a firm to provide janitorial services for the building. DPH is currently working with the Purchasing Division of the Administrative Services Department to find an interim contractor until the competitive bidding process is completed, according to Ms. Schutzman. Ms. Schutzman estimates that the annual cost of janitorial services for the subject lease will be \$90,000 per year. The Budget Analyst notes that this estimated new cost of \$90,000 for janitorial services would more than offset the decrease in annual rent under the proposed lease of \$84,000.

**Utilities and  
Janitor Services:**

The City would be responsible to pay for all janitorial services, as discussed above, and all utilities, including water, electricity, and gas. The Landlord would provide at its sole expense daily refuse disposal services five days a week.

- Term of Lease:** The five-year lease term would begin either on June 1, 2001 or the date of final approval of the proposed lease by the Board of Supervisors and the Mayor, if such approval is after June 1, 2001, and expire on June 30, 2006.
- Right of Renewal:** None
- Source of Funds:** Rent to be included in DPH's annual budgets. DPH has included the \$1,200,000 in annual rent for Fiscal Year 2001-2002 in the department's budget request, according to Ms. Schutzman.
- Description:** As previously noted, the proposed resolution would authorize a new five-year lease to replace an existing month-to-month lease for 1380 Howard Street, with no increase in leased space. According to Ms. Schutzman, DPH currently leases part of the ground floor and the entire second, third, fourth, and fifth floors of the building for DPH programs. Specifically, a storage room and the DPH centralized computer training room occupy the ground floor; the DPH Pharmacy, Mobile Crisis Service staff, and Managed Care Division staff share the second floor; DPH Management and Information Systems staff occupy the third floor; Public Health Division fiscal staff and Community Substance Abuse Services staff share the fourth floor; and DPH senior management staff occupy the fifth floor. The ground floor space consists of 4,600 square feet, while the office space on the second through fifth floors has a usable area of approximately 65,700 square feet. The total square footage is therefore 70,300. According to Ms. Schutzman, these programs and staff would remain in place under the new lease. A total of 350 DPH staff currently work in the building, with an average of approximately 188 square feet of office space per employee, based on the 65,700 square feet of usable office space. As noted above, the unusable space includes the 4,600 square feet on the ground floor, which is comprised of a storage room and the DPH centralized computer training room.
- Tenant**
- Improvements:** The Landlord would install new carpet and paint to the interior of the premises. Under the proposed lease, the Landlord would pay for the first \$38,000 of such improvements and the City would be responsible for paying any additional costs. However, Ms. Schutzman advises that

DPH does not expect the cost of carpeting and painting the premises will exceed \$38,000. In the year 2000, the Landlord completed \$200,000 in improvements to the premises, including an upgrade of the building's mechanical system, new electrical transformers and outlets, partial roof replacement and roof repairs, window repairs, and a new card-based security system, according to Ms. Schutzman. Ms. Schutzman advises that the Landlord also plans to paint the exterior of the building at no cost to the City.

**Comments:**

1. As stated in Attachment III, provided by the Division of Real Estate, the existing month-to-month lease for 1380 Howard Street is based on a prior lease with the Cort Family Living Trust, which the Board of Supervisors approved in May of 1998 (File 98-741). After continued negotiations, the two parties agreed to the provisions in the subject proposed new five-year lease in May of 2001, according to Ms. Schutzman. During this approximate three-year period of negotiations, from 1998 to 2001, the Cort Family Living Trust allowed DPH to continue occupying 1380 Howard Street on a month-to-month basis, under the provisions of the previously approved lease. Therefore, from July 1, 1998 through the present, DPH has paid to the Cort Family Living Trust monthly rent of \$107,000 (\$1,284,000 annually).

2. According to Mr. Julian Sutherland of the Division of Real Estate, Department of Administrative Services, the proposed rent for the subject lease of \$1.42 per square foot per month represents fair market value.

3. As noted previously, DPH occupies a total of 70,300 square feet at 1380 Howard Street. The Department of Parking and Traffic (DPT) occupies the balance of the building (approximately 9,650 square feet) under the terms of a separate lease approved by the Board of Supervisors in August of 1995 for the period from November 11, 1995 through June 30, 2006. According to Mr. Sutherland, DPT currently pays rent of \$9,875.08 per month (\$118,501 annually), or approximately \$1.02 per square foot per month, based on 9,650 square feet.

**Recommendation:** Approve the proposed resolution.


## City and County of San Francisco

Real Estate Division  
Administrative Services Department

## MEMORANDUM

DATE: May 24, 2001

TO: Budget Analyst

FROM: Steve Legnitto   
Acting Director of Property

SUBJECT: 1380 Howard Street Lease

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In response to your request we are providing the following information:

This particular lease calls for a rent increase on July 1, 2003. The amount of the increase is suppose to be adjusted to 95% of the then fair market value not to exceed a dollar cap of \$211,000 per month. This dollar cap breaks out to a leasing rate of \$3.00 per square foot per month and was negotiated at a time when the commercial real estate leasing market was more favorable than today.

This figure was a projection based upon what staff believed the market to be in 2003. Our current assessment is that this rent cap will be much lower than actual market value in 2003. Therefore, this provision will most likely result in saving the city rent dollars in the year 2003.






City and County of San Francisco  
Department of Public Health  
Population Health & Prevention

Judith Schutzman, MPA  
Operations Manager

COMMUNITY MENTAL HEALTH SERVICES

1380 Howard Street, 5th Floor  
San Francisco, CA 94103-2614  
(415)255-3406 FAX (415)252-3015  
Judy\_Schutzman@dph.sf.ca.us

# MEMORANDUM

Date: May 23, 2001  
To: Harvey Rose  
Board of Supervisors' Budget Analyst  
From: Judy Schutzman   
Subject: File #01-0835, 1380 Howard Street

The proposed lease for 1380 Howard Street provides for a pass-through of the increase in real property taxes over the base year 1997-98. This memo will confirm that the owner has never billed us for any increase in property taxes during the 13 years the Department of Public Health has occupied the building. The previous lease also had a provision for such a pass-through. Since we were never billed for any increases, I do not know how much they were in prior years.

The owner verbally stated that the increases were so small, approximately \$250 last year, that they do not intend to pass them through in the future.

If you have additional questions, please let me know.

Cc: Julian Sutherland, RED

City and County of San Francisco

Real Estate Division  
Administrative Services Department



May 10, 2001

Lease of Real Property  
1380 Howard Street  
Mental Health Services  
Department of Public Health

Through Ryan Brooks, Director  
Administrative Services Department

Honorable Board of Supervisors  
City and County of San Francisco  
401 Van Ness Avenue  
San Francisco, CA 94102

Dear Board Members:

We recommend your approval of the attached proposed Resolution authorizing a lease of real property at 1380 Howard Street on behalf of City, as Lessee, for the use of the Mental Health Division (MHD) of the Department of Public Health. The proposed location is at the northeast corner of Tenth and Howard Streets.

Mental Health Administration and various Public Health units have occupied portions of 1380 Howard Street since 1988 under the terms of three separate leases, two of which expired June 30, 1998. The third lease was on a month-to-month basis at that time.

In March 1998, at the request of the Department of Public Health, the Real Estate Division negotiated an agreement in principle with the Landlord, The Cort Family Living Trust, to lease 70,300 rentable square feet of office space. The Real Estate Division with the assistance of the City Attorney's office drafted a lease based on the terms contained in the agreement and submitted the draft lease for the consideration by the Board of Supervisors. On May 26, 1998, Resolution 421-98 was adopted by the Board, and was approved by the Mayor on June 5, 1998.

The new lease was not finalized by the June 30, 1998 expiration as set forth in the agreement. However, at his own risk, the Landlord commenced work to construct certain leasehold improvements as set forth in the agreement while continuing to negotiate the final lease. Acting in good faith, and in order to enable the Landlord to continue with the leasehold improvement work, payment of the \$107,000 per month rent as authorized in Resolution 421-98 was instituted effective September of 1998. In November of 1998, although much of the leasehold improvement work had been completed, and the City was paying the new agreed upon rent, lease negotiations deteriorated to the point of an impasse.

Lease: 1380 Howard Street  
Mental Health Services  
May 10, 2001

The impasse was due to the Landlord's insistence that the lease contain a rent adjustment for fair rental value increase commencing in the sixth year of the ten year lease term. This was a substantial change from the originally agreed upon terms. The pace of the dialogue slowed to nearly a standstill as the negotiations became increasingly acrimonious. Progress on the matter was further complicated as Mr. Cort fell gravely ill, and it became necessary for him to submit to aggressive health treatment.

During this same period, office rental rates spiraled out of control, driven by the capital infusion that defused the multimedia industry, and the Landlord's expectations expanded accordingly. With no apparent solution available, the City Attorney was consulted to determine whether or not litigation was a next step. The City Attorney's Office participated in several attempts to resolve the matter, but ultimately recommended against any attempt to enforce the original "agreement in principal" through litigation.

Once it was determined that there was no prospect of enforcing the original agreement, and as it became increasingly difficult to ensure a safe and productive working environment in the premises, the Real Estate Division, on behalf of the Department of Public Health, agreed to several concessions that finally moved the negotiations toward conclusion. These terms and conditions were finally agreed upon and incorporated in a new lease document which the Landlord has executed. In the attached table, the terms of the agreement authorized by Resolution No. 421-98 are compared with those of the proposed lease that the Landlord has executed and is hereby submitted for your approval.

The proposed lease premises is for a portion of the five story office building, and consists of a portion of the ground floor, the entire second, third, fourth and fifth floors, comprising a rentable area of approximately 70,300 square feet of office area. The balance of the building is occupied by the Department of Parking and Traffic under the terms of a separate lease. Under the proposed DPH lease, the two City leases would expire at the same date. The storage and parking areas (approximately 15,000 square feet) are included in the premises at no additional charge. The monthly base rent is \$100,000 ( $\pm$ \$1.42 per rentable square foot of office area per month), and is flat until July 1, 2003. The rent will then increase to an amount equal to 95% of the fair rental value, provided that in no event will the monthly base rent for the remaining period exceed \$211,000 ( $\pm$ \$3.00 per square foot per month).

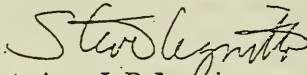
The Landlord will complete the installation of new carpet throughout the premises, and the painting of the interior of the premises, providing an allowance of \$38,000 toward the cost of such work. The City will be responsible for the difference between the amount of the allowance and the actual cost of the improvements estimated to be  $\pm$ \$260,000. Landlord will be responsible for maintaining the structural elements of the building, including the roof, and will pay the cost of the maintenance contracts for the elevator and the heating, ventilating and air-conditioning system. City will be responsible general maintenance and for the cost of all

Lease: 1380 Howard Street  
Mental Health Services  
May 10, 2001

services to the premises, including separately metered utilities, janitorial services and janitorial supplies.

The term of the lease will commence June 1, 2001 or, if delivered after that date, upon delivery of a fully executed copy of the lease.

Sincerely,

  
for Anthony J. DeLucchi  
Director of Property

Attachment

cc: Dr. Mitch Katz, DPH  
Monique Zmuda, DPH  
Judy Schutzman, MHD

Item 10 – File 01-0866

**Department:** Department of Administrative Services,  
Purchasing Division

**Item:** Resolution designating the San Francisco Independent to be the official newspaper of the City and County of San Francisco for specified categories of official advertising (Type 2) for Fiscal Year 2001-2002.

**Description:** Proposition J, which was approved by San Francisco voters in November of 1994 established the criteria by which the City selects a newspaper to publish the City's official advertising. The Purchasing Division advises that, under Proposition J, pursuant to Section 2.81 of the Administrative Code, several criteria are considered and used to evaluate bids, on the basis of a point system. Bidders are required to submit typeset samples and other documentation for evaluation purposes. The criteria used for evaluation of bids under Section 2.81 includes (1) the cost of advertising in each newspaper (the newspaper which bids the lowest price for advertising receives additional points), (2) the level of circulation of each newspaper (the newspaper with the largest circulation receives additional points), (3) the cost of the newspaper (any newspaper with a majority of circulation that is free of charge to the general public receives additional points), and (4) the ownership of the newspaper (newspapers which are owned by local, minority or women-owned firms receive additional points).

The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two or More Consecutive Days: Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The official newspaper must publish at least 5 days a week for Type 1 official advertising.

Type 2 – Advertisements for Single or Non-consecutive Days: Official advertising, which must be published one

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



time (other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees) or more than one time but not more than three times per week for a specified number of weeks. The official newspaper must publish at least 3 days a week for Type 2 official advertising.

The proposed resolution designates the San Francisco Independent as the official newspaper for Type 2 official advertising for Fiscal Year (FY) 2001-2002. The City currently contracts with the San Francisco Independent for Type 2 official advertising. This contract is due to expire on June 30, 2001.

Comments:

1. According to the Purchasing Division, in response to its Invitation for Bids for FY 2001-2002, the San Francisco Independent submitted the sole bid for Type 2 official advertising. The Attachment, provided by the Purchasing Division, contains bid data and point calculation information for the San Francisco Independent.
2. For FY 2001-2002, the Purchasing Division estimates that costs for Type 2 official advertising will total \$1,305,878, a decrease of \$262,488 or 16.7 percent from the estimated cost for FY 2000-2001 of \$1,568,366.
3. According to the Purchasing Division, the San Francisco Independent fully complies with all City contracting requirements and qualifies to be the official newspaper for Type 2 official advertising through the bidding process.
4. The Purchasing Division reports that the City Attorney has advised that the Board of Supervisors need not accept the Purchasing Division's recommendations to award contracts to newspapers for official advertising and may designate any newspaper which is qualified under the Charter and the Administrative Code.
5. The Purchasing Division advises that it did not receive any bids from newspapers seeking to be the official newspaper for Type 1 official advertising. The Purchasing Division reports that it has presented to the Board of



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Supervisors six options for selecting a newspaper to provide Type 1 official advertising in a letter dated May 8, 2001. According to Mr. Mike Ward of the Purchasing Division, separate future legislation will be submitted to the Board of Supervisors to designate a newspaper as the City's newspaper for Type 1 official advertising.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

BID DATA AND POINT CALCULATION  
 Type 2 Non-Consecutive Day Advertising

San Francisco Independent Bid for Publication Services  
 Fiscal Year 2001-02

Type 2. Nonconsecutive Day

|                          | Avail.<br>Points | <u>Data</u> | <u>Pts.</u> |
|--------------------------|------------------|-------------|-------------|
| Cost of Sample           | 15               | \$803.96    | 15          |
| Circulation              | 10               |             | 10          |
| Newspaper Cost (Free)    | 5                |             | 5           |
| Proposition J Preference |                  |             |             |
| Locally owned            | 2                | yes         | 2           |
| Minority owned           | 2                | yes         | 2           |
| Woman owned              | 2                | no          | 2           |
| * MBE/WBE/LBE            |                  |             | <u>0</u>    |
| Total                    |                  |             | 36          |
| Ranking **               |                  |             | 1           |
| Cost per line            |                  |             | \$3.98      |
| Estimated Cost           |                  |             | \$1,305,878 |

\* Bidder does not qualify for a preference under the MBE/WBE/LBE Ordinance

\*\* Only one bid received

Source: Purchasing Department

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Item 11 – File 01-0867

**Department:** Department of Administrative Services,  
Purchasing Division

**Items:** Resolution designating the China Press to be the outreach newspaper of the City and County of San Francisco for the Chinese community, and designating El Mensajero to be the outreach newspaper of the City and County of San Francisco for the Hispanic community for Fiscal Year 2001-2002.

**Description:** Proposition J, which was approved by San Francisco voters in November of 1994, provided, in part, for an Outreach Advertising Fund to be established for the purpose of the City placing "outreach advertising" or weekly notices of items pertaining to governmental operations in periodicals selected to reflect the diversity in race and sexual orientation of the population of the City. Outreach advertisements include, but are not limited to, information about issues that are being reviewed by the Board of Supervisors and that directly affect the public. Pursuant to Proposition J and in accordance with Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to deposit these monies into the Outreach Advertising Fund.

The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two or More Consecutive Days: Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The official newspaper must publish at least 5 days a week for Type 1 official advertising.

Type 2 – Advertisements for Single or Non-consecutive Days: Official advertising, which must be published one time (other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees) or more than one time but not

more than three times per week for a specified number of weeks. The official newspaper must publish at least 3 days a week for Type 2 official advertising.

The Purchasing Division estimates that the Fiscal Year (FY) 2001-2002 cost for Type 1 (estimated at \$46,200 based on FY 2000-2001 data) and Type 2 (\$1,305,878) official advertising would total \$1,352,078. Therefore, the estimated amount available for the Outreach Advertising Fund in FY 2001-2002 based on 10 percent of Type 1 and Type 2 official advertising is approximately \$135,208. Ms. Victoria Santos of the Controller's Office advises that there is a balance of approximately \$98,632 in the Outreach Advertising Fund as of May 23, 2001. According to Ms. Santos, any remaining balance in the Outreach Advertising Fund at the end of FY 2000-2001 will carryover to the FY 2001-2002 Outreach Advertising Fund.

Comments:

1. Since the passage of Proposition J, approved by the voters in November of 1994, bid prices are only one of several factors evaluated and considered when determining the designated outreach newspapers. Proposition J requires the Purchasing Division to recommend to the Board of Supervisors the newspapers with the highest total point scores. According to the Purchasing Division, the China Press received the highest score of the three bids from newspapers seeking to provide outreach advertising to the Chinese community. The Purchasing Division reports that El Mensajero was the only responsive bidder of the three bids from newspapers seeking to provide outreach advertising to the Hispanic Community. The Attachment, provided by the Purchasing Division, contains bid data and point calculation information for the China Press and El Mensajero.

2. According to the Purchasing Division, both the China Press and El Mensajero fully comply with all City contracting requirements and qualify to be outreach advertising newspapers through the bidding process.

3. According to the Purchasing Division, it did not receive any bids from newspapers seeking to be the official

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newspaper for Type 1 official advertising for FY 2001-2002. The Purchasing Division reports that it has presented to the Board of Supervisors six options for selecting a newspaper to provide Type 1 official advertising in a letter dated May 8, 2001. According to Mr. Mike Ward of the Purchasing Division, separate future legislation will be submitted to the Board of Supervisors to designate a newspaper as the City's newspaper for Type 1 official advertising. File 01-0866, also being considered by the Finance Committee on its calendar of May 30, 2001, would designate the San Francisco Independent as the official newspaper for Type 2 official advertising for FY 2001-2002.

4. The Purchasing Division reports that the City Attorney has advised that the Board of Supervisors need not accept the Purchasing Division's recommendations to award contracts to newspapers for outreach advertising and may designate any newspaper which is qualified under the Charter and the Administrative Code.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

| Bid Evaluation<br>(as per Contract Proposal No. 95305, Sec. 59)<br>Contract Proposal No. 95305 |                             |                              |                              |                           |                             |                                   |                              |                              |                           |                                |
|--|-----------------------------|------------------------------|------------------------------|---------------------------|-----------------------------|-----------------------------------|------------------------------|------------------------------|---------------------------|--------------------------------|
| Outreach Advertising   |                             |                              |                              |                           |                             |                                   |                              |                              |                           |                                |
|  | Bidder No. 1<br>China Press | Bidder No. 2<br>Bay View Inc | Bidder No. 3<br>Russian Life | Bidder No. 4<br>El Latino | Bidder No. 5<br>Mo Magazine | Bidder No. 6<br>Bay Area Reporter | Bidder No. 7<br>El Mensajero | Bidder No. 8<br>SF Bay Times | Bidder No. 9<br>AsianWeek | Bidder No. 10<br>Chinese Times |
| Advertising Price  | 11.40                       | 6.15                         | 14.25                        | 4.35                      | 15                          | 3.75                              | 2.40                         | 2.40                         | 6.15                      | 12.15                          |
| Circulation  | 15,000                      | 6,600                        | 0.49                         | 2,550                     | 1,500                       | 13,650                            | 8,550                        | 7,500                        | 12,300                    | 5,400                          |
| Newspaper Cost to Public   | 0                           | 5                            | 0                            | 5                         | 0                           | 5                                 | 5                            | 5                            | 5                         | 0                              |
| Local/Minority/Woman<br>Ownership (Prop. JJ)   | 0                           | 2                            | 2                            | 2                         | 2                           | 2                                 | 2                            | 2                            | 2                         | 2                              |
| Locally Owned/Operated   | 2                           | 2                            | 0                            | 2                         | 2                           | 0                                 | 2                            | 0                            | 2                         | 2                              |
| Minority Ownership   | 0                           | 0                            | 0                            | 2                         | 0                           | 0                                 | 0                            | 2                            | 2                         | 0                              |
| Woman-Owned  | 0                           | 0                            | 0                            | 2                         | 0                           | 0                                 | 0                            | 2                            | 2                         | 0                              |
| Foreign Language Publication   | 5                           | 0                            | 5                            | 5                         | 5                           | 0                                 | 5                            | 0                            | 0                         | 5                              |
| MBE/WBE/LBE Chap. 12D  | 0                           | 2.18                         | 0                            | 2.29                      | 0                           | 0                                 | 0                            | 0                            | 0                         | 0                              |
| TOTAL POINT SCORE  | 33.40                       | 23.93                        | 16.74                        | 25.19                     | 25.50                       | 24.40                             | 24.95                        | 18.90                        | 29.45                     | 26.55                          |



| Late Bids                                   | Bid Evaluation                               |              |          |  |
|---|--|--------------|----------|--|
|   | (As per Contract Proposal No. 95305, Sec. 6) |              |          |  |
|   | Contract Proposal No. 95305                  |              |          |  |
|   | Outreach Advertising                         |              |          |  |
|   | Hokubai<br>Malmichi                          | El Reportero | Spectrum |  |
| Advertising Price                           | 2.85   | 4.95         | 14.70    |  |
| Circulation                                 | 2.55   | 5.10         | 2.40     |  |
| Newspaper Cost to Public                    | 0  | 5            | 5        |  |
| Local/Minority/Woman<br>Ownership (Prop. J) |  |              |          |  |
| Locally Owned/Operated                      |  | 2            |          |  |
| Minority Ownership                          |  | 2            |          |  |
| Woman-Owned                                 |  |              |          |  |
| Foreign Language Publication                | 5  | 5            | 0        |  |
| WBE/MBE/LBE Chap. 12D                       | 0  | 2.41         | 0        |  |
| TOTAL POINT SCORE                           | 10.40  | 26.46        | 22.10    |  |
| Date Received                               | 04/23/01                                     | 05/01/01     | 05/02/01 |  |

Source: Purchasing Department

Item 12 - File 01-0868

**Department:** Department of Parking and Traffic (DPT)  
Parking Authority

**Item:** Resolution approving parking rates on a permanent basis at seven City-owned parking garages which were previously implemented on a trial basis at the Lombard Street Garage, the North Beach Garage, the Portsmouth Garage, the Japan Center Garages, the St. Mary's Square Garage, the Union Square Garage and the Vallejo Street Garage, (the Garages).

**Description:** The Parking and Traffic Commission has oversight responsibility of 40 City-owned parking facilities, of which 18 are garages and 22 are metered parking facilities. This responsibility includes recommending the parking rates charged at City-owned garages and metered parking facilities which are subject to approval of the Board of Supervisors pursuant to Administrative Code Section 17.14.

The proposed resolution would (a) adopt permanent parking rates recommended by the Parking and Traffic Commission for six of the seven City-owned parking garages identified above, generally at the same rates which had been implemented by the DPT on a trial basis; and, (b) establish permanent parking rates recommended by the Parking and Traffic Commission for the new North Beach Garage (see Comment 2). All of the recommended parking rates are shown in Attachment I, provided by Mr. Ron Szeto of the Parking Authority.

In accordance with Section 17.14 of the Administrative Code, the Parking and Traffic Commission can establish parking rates at City-owned parking facilities on a trial basis for a period of up to 360 days, without first obtaining approval of the Board of Supervisors. According to Mr. Szeto, the existing parking rates for six of the seven subject parking garages were implemented by the DPT on a trial basis as follows:

| Garage                    | Commission Approval Date | Trial Period Start Date      | 360-day Expiration Date         |
|---------------------------|--------------------------|------------------------------|---------------------------------|
| Lombard Street Garage     | August 1, 2000           | September 1, 2000            | August 26, 2001                 |
| Vallejo Street Garage     | August 1, 2000           | September 1, 2000            | August 26, 2001                 |
| Portsmouth Square Garage* | April 18, & May 2, 2000  | May 1, 2000;<br>June 1, 2000 | April 25, 2001;<br>May 26, 2001 |
| Japan Center Garages      | August 1, 2000           | October 1, 2000              | September 25, 2001              |
| St. Mary's Square Garage  | April 18, 2000           | June 1, 2000                 | May 26, 2001                    |
| Union Square Garage       | February 20, 2001        | May 1, 2001                  | April 25, 2002                  |

\*According to Mr. Szeto, trial transient and monthly parking rates were implemented on May 1, 2000 and trial validation parking rates were implemented on June 1, 2000 for the Portsmouth Square Garage.

According to Mr. Szeto, the DPT implemented the parking rates on a trial basis to meet objectives to reduce traffic, promote short-term transient parking, discourage low-occupancy commuter parking and increase revenues in City-owned parking facilities.

According to Mr. Szeto, the subject seven City-owned Garages currently have a total of approximately 3,433 parking spaces that accommodate approximately 200,000 transient and 1,322 monthly parking space patrons per month.

**Comments:**

1. Attachment I, provided by the DPT, details the proposed parking rates for each of the seven City-owned parking garages which are identical to the parking rates as implemented by the DPT on a trial basis except for the introduction of the "Re-opening the Garage Fee," the "Damaged Access Card Fee," changes to merchant parking validations and various changes to other parking fees.

2. According to Mr. Szeto, the North Beach Garage is still under construction and is estimated to be operational on January 1, 2002. Under this proposed resolution, the DPT is requesting establishment of permanent parking rates for the North Beach Garage as detailed in Attachment I. Mr. Szeto advises that because the North Beach Garage will be jointly managed under one contract with the Vallejo Street Garage, and because these two garages are located across the street from each other, the same parking rates have been recommended for each of these two garages. Mr. Szeto further advises that DPT is

currently soliciting bids for the joint management of the North Beach and Vallejo Street Garages. The joint management contract will be subject to Board of Supervisors approval.

3. According to Mr. Szeto, the Union Square Garage is currently under renovation. Therefore, the total number of parking spaces has been reduced by approximately 230 spaces from 1,030 to 800 during the renovation. Mr. Szeto states that renovation of the Union Square Garage is anticipated to be completed June 30, 2002. Additionally, Mr. Szeto advises that the Japan Center Garages (the main garage has entrances on Geary Boulevard and Post Street and the annex garage has an entrance on Fillmore Street) recently had the parking space lines redrawn, increasing the number of parking spaces by 70 from 850 to 920 parking spaces.

4. Attachment II, provided by the DPT, contains the projected parking revenue for FY 2001-2002 for the subject seven parking garages. As shown in Attachment II, Mr. Szeto estimates that the increased parking rates, in conjunction with other parking programs and activities, for all seven parking garages will result in estimated total gross parking revenues of \$19,950,000 for FY 2001-2002 or \$2,186,961 more than actual revenues collected in FY 1999-2000 of \$17,763,039, under the original parking rates, an increase of 12.3 percent. The estimated total gross parking revenues for FY 2001-2002 of \$19,950,000 are \$200,000 more than the projected parking revenues for FY 2000-2001 of \$19,750,000, an increase of 1 percent, however most of the proposed rate increases were in effect during FY 2000-2001.

5. Mr. Szeto advises that carpool rates instituted during the trial periods were designed to encourage carpooling and to open up more parking spaces presently used by commuters for increased short term parking. To qualify as a carpool there must be three or more occupants in the vehicle.

6. According to Mr. Szeto, the "Re-opening the Garage Fee" was instituted during the trial period for the garages not open 24 hours per day, seven days per week to recoup

the garage operator's costs of re-opening the garage during non-operating hours in order to accommodate persons attempting to retrieve their vehicles. According to Mr. Szeto, this fee is not paid to the City but is paid to the garage operator. The two garages not open 24 hours per day, seven days per week are the Japan Center Garages and Lombard Street Garage. Mr. Szeto advises that the Vallejo Street Garage is currently open seven days a week, 24 hours per day. However, Mr. Szeto states that after the North Beach Garage becomes operational in January of 2002, demand will determine if either the North Beach Garage or the Vallejo Street Garage will operate seven days per week, 24 hours per day.

7. Although some of the trial parking rates have slightly exceeded the 360-day limitation, Ms. Lori Giorgi of the City Attorney's Office advises that Section 17.14 of the Administrative Code does not clearly state how soon after the trial period has ended that the Parking and Traffic Commission should seek Board of Supervisors approval.

**Recommendation:** Approval of the proposed resolution, as amended is a policy decision for the Board of Supervisors.

## LOMBARD STREET GARAGE

|   | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|---|------------------------------|---------------------------|---|
| <b><u>Transient Parking</u></b>         |                              |                           |   |
| <b><u>Day Rates (until 6:00 PM)</u></b> |                              |                           |   |
| 0.0 - 1.0 Hour                          | \$ 0.75                      | \$ 1.00                   | \$ 1.00                                   |
| 1.0 - 2.0 Hours                         | 1.50                         | 2.00                      | 2.00                                      |
| 2.0 - 3.0 Hours                         | 2.50                         | 3.00                      | 3.00                                      |
| 3.0 - 4.0 Hours                         | 4.25                         | 5.00                      | 5.00                                      |
| 4.0 - 5.0 Hours                         | 5.50                         | 7.00                      | 7.00                                      |
| 5.0 + Hours                             | 5.50                         | 9.00                      | 9.00                                      |
| <b><u>Evening (after 6:00 PM)</u></b>   |                              |                           |   |
| 0.0 - 1.0 Hour                          | 1.00                         | 1.50                      | 1.50                                      |
| 1.0 - 2.0 Hours                         | 2.50                         | 3.00                      | 3.00                                      |
| 2.0 - 3.0 Hours                         | 3.50                         | 5.00                      | 5.00                                      |
| 3.0 + Hours                             | 4.00                         | 7.00                      | 7.00                                      |
| 24 Hours                                | 9.50                         | 16.00                     | 16.00                                     |
| Lost Ticket                             | 9.50                         | 16.00                     | 16.00                                     |
| <b><u>Validation (per stamp)</u></b>    |                              |                           |   |
| 3 Hours off                             | 1.25                         | 2.50                      | 2.50                                      |
| <b><u>Monthly Parking</u></b>           |                              |                           |   |
| Regular                                 | 75.00                        | 125.00                    | 125.00                                    |
| Carpool                                 | N/A                          | 75.00                     | 75.00                                     |
| <b><u>Miscellaneous Charges</u></b>     |                              |                           |   |
| Late Monthly Payments                   | N/A                          | 25.00                     | 25.00                                     |
| Lost Access Card                        | 25.00                        | 25.00                     | 25.00                                     |
| Access Card Deposit                     | 25.00                        | 50.00                     | 50.00                                     |
| Damaged Access Card                     | -                            | -                         | 25.00                                     |
| Reopening Fee                           | N/A                          | N/A                       | 50.00                                     |



**NORTH BEACH GARAGE**

|  | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|--|------------------------------|---------------------------|---|
| <b><u>Transient Parking</u></b>            |                              |                           |   |
| <b><u>Day Rates</u></b>                    | N/A                          | N/A                       | Mon. thru Sat.<br>7 AM to & 7 PM          |
| 0.0 - 1.0 Hour                             |                              |                           | \$ 1.50                                   |
| 1.0 - 2.0 Hours                            |                              |                           | 3.25                                      |
| 2.0 - 3.0 Hours                            |                              |                           | 5.25                                      |
| 3.0 - 4.0 Hours                            |                              |                           | 7.50                                      |
| 4.0 - 5.0 Hours                            |                              |                           | 9.50                                      |
| 5.0 - 6.0 Hours                            |                              |                           | 12.00                                     |
| 7.0 + Hours                                |                              |                           | 15.00                                     |
| <b><u>Evening Monday thru Saturday</u></b> |                              |                           | 7 PM to 7 AM                              |
| <b><u>Sunday and Holidays</u></b>          |                              |                           | All Day                                   |
| 0.0 - 1.0 Hour                             |                              |                           | 2.50                                      |
| 1.0 - 2.0 Hours                            |                              |                           | 5.00                                      |
| 2.0 - 3.0 Hours                            |                              |                           | 7.50                                      |
| 3.0 - 4.0 Hours                            |                              |                           | 10.00                                     |
| 5.0 + Hours                                |                              |                           | 12.50                                     |
| 24 Hours                                   |                              |                           | 27.50                                     |
| Lost Ticket                                |                              |                           | 27.50                                     |
| <b><u>Monthly Parking</u></b>              |                              |                           |   |
| Regular                                    |                              |                           | 300.00                                    |
| Carpool                                    |                              |                           | 150.00                                    |
| <b><u>Miscellaneous Charges</u></b>        |                              |                           |   |
| Late Monthly Payments                      |                              |                           | 25.00                                     |
| Lost Access Card                           |                              |                           | 25.00                                     |
| Access Card Deposit                        |                              |                           | 50.00                                     |
| Damaged Access Card                        |                              |                           | 25.00                                     |
| Reopening Fee                              |                              |                           | 50.00                                     |

## PORTSMOUTH SQUARE GARAGE

|  | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|--|------------------------------|---------------------------|---|
| <u>Transient Parking</u>   |                              |                           |   |
| <u>Day Rates</u>   |                              |                           |   |
| <u>Monday thru Friday until 6:00 PM</u>                          |                              |                           |   |
| 0.0 - 1.0 Hour   | \$ 1.25                      | \$ 1.50                   | \$ 2.00                                   |
| 1.0 - 2.0 Hours  | 3.00                         | 3.00                      | 3.00                                      |
| 2.0 - 3.0 Hours  | 5.00                         | 5.00                      | 5.00                                      |
| 3.0 - 4.0 Hours  | 7.50                         | 8.00                      | 8.00                                      |
| 4.0 - 5.0 Hours  | 9.00                         | 11.00                     | 11.00                                     |
| 5.0 - 6.0 Hours  | 12.00                        | 14.00                     | 14.00                                     |
| 6.0 - 7.0 Hours  | 15.00                        | 17.00                     | 17.00                                     |
| 7.0 - 8.0 Hours  | 16.50                        | 20.00                     | 20.00                                     |
| 8.0 - 24 Hours   | 16.50                        | 24.00                     | 24.00                                     |
| Lost Ticket  | 16.50                        | 24.00                     | 24.00                                     |
| <u>Flat Evening Rate</u>   |                              |                           |   |
| Sunday thru Thursday, 5:00 PM to 2:00 AM                         | 5.00                         | 5.00                      | Discontinue                               |
| Monday thru Friday, 6:00 PM to 4:00 AM                           | N/A                          | N/A                       | 5.00                                      |
| <u>Monthly Rate</u>  |                              |                           |   |
| Regular  | 260.00                       | 300.00                    | 300.00                                    |
| Carpool  | N/A                          | 180.00                    | 180.00                                    |
| Overnight  | N/A                          | 100.00                    | 100.00                                    |
| Business (Mon. thru Fri, In by 7am & Out by 7 pm)                | N/A                          | N/A                       | 260.00                                    |
| <u>Merchant Validation</u>                                       |                              |                           |   |
| 1 Hour Off (one stamp per ticket only)                           | N/A                          | 0.75                      | Discontinue                               |
| 2 Hours Off (one stamp per ticket only)                          | 2.00                         | 2.00                      | Discontinue                               |
| <u>Night Validation - 5:00 PM to 2:00 AM</u>                     |                              |                           |   |
| 1 Hour Off (two stamps per ticket max.)                          | N/A                          | 0.50                      | Discontinue                               |
| 1 Hour Off (two stamps per ticket max.)<br>(no time restriction) | N/A                          | N/A                       | 0.50                                      |
| <u>Miscellaneous Charges</u>                                     |                              |                           |   |
| Late Monthly Payments  | N/A                          | 25.00                     | 25.00                                     |
| Lost Access Card   | 25.00                        | 25.00                     | 25.00                                     |
| Damaged Access Card  | N/A                          | 25.00                     | 25.00                                     |
| Access Card Deposit  | 25.00                        | 50.00                     | 50.00                                     |

## ST. MARY'S SQUARE GARAGE

|  | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|--|------------------------------|---------------------------|---|
| <b><u>Transient Parking</u></b>                                      |                              |                           |   |
| <b><u>Day Rates</u></b>  |                              |                           |   |
| <b><u>Monday thru Friday until 6:00 PM</u></b>                       |                              |                           |   |
| 0.0 - 0.5 Hour   | \$ 2.00                      | \$ 2.00                   | \$ 2.00                                   |
| 0.5 - 1.0 Hours  | 4.00                         | 4.00                      | 4.00                                      |
| 1.0 - 1.5 Hours  | 6.00                         | 6.00                      | 6.00                                      |
| 1.5 - 2.0 Hours  | 8.00                         | 8.00                      | 8.00                                      |
| 2.0 - 2.5 Hours  | 10.00                        | 10.00                     | 10.00                                     |
| 2.5 - 3.0 Hours  | 12.00                        | 12.00                     | 12.00                                     |
| 3.0 - 3.5 Hours  | 14.00                        | 14.00                     | 14.00                                     |
| 3.5 - 4.0 Hours  | 16.00                        | 16.00                     | 16.00                                     |
| 4.0 - 4.5 Hours  | 18.00                        | 18.00                     | 18.00                                     |
| 4.5 - 5.0 Hours  | 20.00                        | 20.00                     | 20.00                                     |
| 5.0 - 5.5 Hours  | 22.00                        | 22.00                     | 22.00                                     |
| 5.5 - 24 Hours   | 24.00                        | 24.00                     | 24.00                                     |
| Lost Ticket  | 24.00                        | 24.00                     | 24.00                                     |
| Early Bird<br>(In by 9:00 AM, out by 6:00 PM)                        | 18.00                        | 18.00                     | 18.00                                     |
| <b><u>Evening, Weekend and Holiday Rates</u></b>                     |                              |                           |   |
| <b><u>Monday thru Friday 6:00 PM to 4:00 AM</u></b>                  |                              |                           |   |
| <b><u>Weekend and Holidays 4:00 AM to 4:00 AM</u></b>                |                              |                           |   |
| 0.0 - 1.0 Hour   | 1.00                         | 1.00                      | 1.00                                      |
| 1.0 - 2.0 Hours  | 2.00                         | 2.00                      | 2.00                                      |
| 2.0 - 3.0 Hours  | 3.00                         | 3.00                      | 3.00                                      |
| Up to 4.0 Hours (maximum)  | 5.00                         | 5.00                      | 5.00                                      |
| Validation (3 hours off)   | 2.00                         | 2.00                      | 2.00                                      |
| Validation 1 Hour Off (two stamp max.,<br>5:00 PM to 4:00 AM, Daily) | N/A                          | 0.50                      | 0.50                                      |
| <b><u>Monthly Rate</u></b>   |                              |                           |   |
| Regular  | 310.00                       | 310.00                    | 310.00                                    |
| Carpool  | 180.00                       | 180.00                    | 180.00                                    |
| 16th and Hoff Garage   | 75.00                        | 75.00                     | 75.00                                     |
| <b><u>Miscellaneous Charges</u></b>                                  |                              |                           |   |
| Late Monthly Payments  | 25.00                        | 25.00                     | 25.00                                     |
| Lost Access Card   | 25.00                        | 25.00                     | 25.00                                     |
| Damaged Access Card  | 25.00                        | 25.00                     | 25.00                                     |
| Access Card Deposit  | 50.00                        | 50.00                     | 50.00                                     |

## JAPAN CENTER GARAGES

|                                      | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|--------------------------------------|------------------------------|---------------------------|---|
| <b><u>Transient Parking</u></b>      |                              |                           |   |
| 0.0 - 1.0 Hour                       | \$ 1.00                      | \$ 1.25                   | \$ 1.25                                   |
| 1.0 - 2.0 Hours                      | 2.00                         | 2.50                      | 2.50                                      |
| 2.0 - 3.0 Hours                      | 3.00                         | 3.75                      | 3.75                                      |
| 3.0 - 4.0 Hours                      | 5.00                         | 5.00                      | 5.00                                      |
| 4.0 - 5.0 Hours                      | 6.00                         | 6.50                      | 6.50                                      |
| 5.0 - 6.0 Hours                      | 7.00                         | 8.00                      | 8.00                                      |
| 6.0 - 7.0 Hours                      | 8.00                         | 10.00                     | 10.00                                     |
| 8.0 - 24 Hours                       | 10.00                        | 12.00                     | 12.00                                     |
| Lost Ticket                          | 10.00                        | 12.00                     | 12.00                                     |
| Motorcycles                          | 2.00                         | 3.00                      | 3.00                                      |
| Early Bird Special                   | 6.00                         | 8.00                      | 8.00                                      |
| <b><u>Monthly Parking</u></b>        |                              |                           |   |
| Regular                              | 100.00                       | 125.00                    | 125.00                                    |
| Restricted (Mon-Fri)                 | N/A                          | 100.00                    | 100.00                                    |
| Carpool                              | N/A                          | 75.00                     | 75.00                                     |
| Motorcycle                           | N/A                          | 50.00                     | 50.00                                     |
| <b><u>Validation (per stamp)</u></b> |                              |                           |   |
| 40 cents off                         | 0.40                         | Discontinued              | Discontinued                              |
| 1 hour off                           | N/A                          | 0.75                      | 0.75                                      |
| 3 hours off                          | 1.65                         | 2.50                      | 2.50                                      |
| <b><u>Miscellaneous Charges</u></b>  |                              |                           |   |
| Late Monthly Payments                | N/A                          | 25.00                     | 25.00                                     |
| Lost Access Card                     | 25.00                        | 25.00                     | 25.00                                     |
| Damaged Access Card                  | N/A                          | 25.00                     | 25.00                                     |
| Access Card Deposit                  | 25.00                        | 50.00                     | 50.00                                     |
| Reopening Fee                        | N/A                          | N/A                       | 50.00                                     |

## UNION SQUARE GARAGE

|  | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|--|------------------------------|---------------------------|---|
| <b><u>Transient Parking</u></b>          |                              |                           |   |
| 0.0 - 0.5 Hour                           | \$ 1.00                      | \$ 1.00                   | \$ 1.00                                   |
| 0.5 - 1.0 Hours                          | 2.00                         | 2.00                      | 2.00                                      |
| 1.0 - 1.5 Hours                          | 3.00                         | 3.00                      | 3.00                                      |
| 1.5 - 2.0 Hours                          | 4.00                         | 4.00                      | 4.00                                      |
| 2.0 - 2.5 Hours                          | 6.00                         | 6.00                      | 6.00                                      |
| 2.5 - 3.0 Hours                          | 8.00                         | 8.00                      | 8.00                                      |
| 3.0 - 3.5 Hours                          | 9.00                         | 9.00                      | 9.00                                      |
| 3.5 - 4.0 Hours                          | 10.00                        | 10.00                     | 10.00                                     |
| 4.0 - 4.5 Hours                          | 11.00                        | 11.00                     | 11.00                                     |
| 4.5 - 5.0 Hours                          | 12.00                        | 12.00                     | 12.00                                     |
| 5.0 - 5.5 Hours                          | 14.00                        | 14.00                     | 14.00                                     |
| 5.5 - 6.0 Hours                          | 16.00                        | 16.00                     | 16.00                                     |
| 6.0 - 7.0 Hours                          | 20.00                        | 20.00                     | 20.00                                     |
| 7.0 - 24 Hours                           | 25.00                        | 25.00                     | 25.00                                     |
| Lost Ticket                              | 25.00                        | 25.00                     | 25.00                                     |
| Motorcycle                               | 3.00                         | 3.00                      | 3.00                                      |
| Hotel Transient                          | 11.50                        | Discontinue               | Discontinue                               |
| Hotel Guest                              | 9.20                         | Discontinue               | Discontinue                               |
| <b><u>High Volume (Taxable Rate)</u></b> |                              | 11.50                     | 11.50                                     |

Patron is charged the standard transient hourly rate up to a maximum of \$11.50 per vehicle per 24 hours (3:01 am to 3:00 am) with in-and-out privileges.

At 3:01 am, the patron will be charged an additional standard transient hourly rate up to a maximum of \$11.50 for the next 24 hours.

|  |      |      |
|--|------|------|
| <b><u>High Volume (Non-Taxable Rate)</u></b> | 9.20 | 9.20 |
|--|------|------|

Flat Rate: per vehicle per 24 hours (3:01 am to 3:00 am) with in-and-out privileges.

At 3:01 am, the patron will be charged and additional \$9.20 for the next 24 hours.

### **Monthly Parking**

|         |        |        |        |
|---------|--------|--------|--------|
| Regular | 350.00 | 350.00 | 350.00 |
| Carpool | 175.00 | 175.00 | 175.00 |

### **Miscellaneous Charges**

|                       |       |       |       |
|-----------------------|-------|-------|-------|
| Late Monthly Payments | 25.00 | 25.00 | 25.00 |
| Lost Access Card      | 25.00 | 25.00 | 25.00 |
| Damage Access Card    | 25.00 | 25.00 | 25.00 |
| Access Card Deposit   | 50.00 | 50.00 | 50.00 |

## VALLEJO STREET GARAGE

|                               | Original<br>Parking<br>Rates | Trial<br>Parking<br>Rates | Proposed<br>Permanent<br>Parking<br>Rates |
|-------------------------------|------------------------------|---------------------------|---|
| <u>Transient Parking</u>      |                              |                           |   |
| <u>Day Rates</u>              |                              |                           |   |
| <u>Mon. thru Sat.</u>         |                              |                           |   |
| <u>(7:00 AM to 7:00 PM)</u>   |                              |                           |   |
| 0.0 - 1.0 Hour                | \$ 1.25                      | \$ 1.50                   | \$ 1.50                                   |
| 1.0 - 2.0 Hours               | 2.75                         | 3.25                      | 3.25                                      |
| 2.0 - 3.0 Hours               | 4.75                         | 5.25                      | 5.25                                      |
| 3.0 - 4.0 Hours               | 6.75                         | 7.50                      | 7.50                                      |
| 4.0 - 5.0 Hours               | 9.00                         | 9.50                      | 9.50                                      |
| 5.0 - 6.0 Hours               | 11.00                        | 12.00                     | 12.00                                     |
| 7.0 + Hours                   | 13.00                        | 15.00                     | 15.00                                     |
| <u>Evening Mon. thru Sat.</u> |                              |                           |   |
| <u>(7:00 PM to 7:00 AM)</u>   |                              |                           |   |
| <u>Sunday and Holidays</u>    |                              |                           |   |
| 0.0 - 1.0 Hour                | 2.00                         | 2.50                      | 2.50                                      |
| 1.0 - 2.0 Hours               | 4.00                         | 5.00                      | 5.00                                      |
| 2.0 - 3.0 Hours               | 6.00                         | 7.50                      | 7.50                                      |
| 3.0 - 4.0 Hours               | 8.00                         | 10.00                     | 10.00                                     |
| 5.0 + Hours                   | 10.00                        | 12.50                     | 12.50                                     |
| 24 Hours                      | 23.00                        | 27.50                     | 27.50                                     |
| Lost Ticket                   | 23.00                        | 27.50                     | 27.50                                     |
| <u>Monthly Parking</u>        |                              |                           |   |
| Regular                       | 275.00                       | 300.00                    | 300.00                                    |
| Carpool                       | N/A                          | 150.00                    | 150.00                                    |
| <u>Miscellaneous Charges</u>  |                              |                           |   |
| Late Monthly Payments         | -                            | 25.00                     | 25.00                                     |
| Lost Access Card              | 50.00                        | 25.00                     | 25.00                                     |
| Access Card Deposit           | 50.00                        | 50.00                     | 50.00                                     |
| Damaged Access Card           | -                            | -                         | 25.00                                     |
| Reopening Fee                 | N/A                          | N/A                       | 50.00                                     |



| Garage           | Effective Date of Initial Adjustment | Current Months of Comparison with same Months of Prior Year | Gross        |         | Gross         |         | Gross        |         | Transient |           | Transient |        | Monthly |      | Monthly |  |
|------------------|--------------------------------------|---|--------------|---------|---------------|---------|--------------|---------|-----------|-----------|-----------|--------|---------|------|---------|--|
|                  |                                      |   | Revenue      | Percent | Revenue       | Percent | Revenue      | Percent | Count     | Cost      | Count     | Cost   | Count   | Cost |         |  |
| 51 Mary A Square | May, 2000                            | May, 00 thru Mar, 01  | \$ 3,654,093 |         | \$ 4,002,472  |         | \$ 1,540,003 |         | 125,860   | 234,235   | 108,395   | 4,855  |         |      |         |  |
| Perkins Court    | May, 2000                            | May, 00 thru Mar, 01  | \$ 3,123,584 |         | \$ 3,689,241  |         | \$ 1,519,045 |         | 580,810   | 314,774   | 1,126     | 1,336  | 440     |      |         |  |
| Johnson Square   | October, 2000                        | Oct, 00 thru Apr, 01  | \$ 1,344,000 |         | \$ 1,616,830  |         | \$ 712,785   |         | 417,352   | 369,444   | (22,008)  | 3,255  | 3,095   | 20   |         |  |
| Valley Street    | September, 2000                      | Sept. 00 thru Apr, 01                                       | \$ 781,978   |         | \$ 825,178    |         | \$ 431,035   |         | 174,026   | 162,362   | (11,774)  | 314    | 319     | 25   |         |  |
| North Branch     | January, 2002 and 1/2 year           | N/A   |              |         |               |         |              |         |           |           |           |        |         |      |         |  |
| Lordard Street   | September, 2000                      | Sep't 00 thru Apr, 01                                       | \$ 346,212   |         | \$ 503,049    |         | \$ 154,819   |         | 91,008    | 89,881    | (12,320)  | 823    | 828     | 5    |         |  |
| Union Square     | May, 2001                            | Transferring Data   |              |         |               |         |              |         |           |           |           |        |         |      |         |  |
| Totals           |                                      |   | \$ 8,653,691 |         | \$ 10,916,974 |         | \$ 2,263,285 |         | 1,364,171 | 1,466,430 | 105,257   | 10,420 | 11,032  | 663  |         |  |

| Geography           | FY 1999 - 2000 | Spices Available          | FY 2000 - 2001 | Spices Available           | FY 2001 - 2002 | Spices Available    |
|---------------------|----------------|---------------------------|----------------|----------------------------|----------------|---------------------|
| Sq. Meters - Square |                | (# of 62.5g plus 20 vial) |                | (625 plus 361 vial)        |                | (639 plus 361 vial) |
| Permaculture Square | \$ 3,583,800   | 504                       | \$ 3,609,000   | 504 plus 351 vial          | \$ 4,100,000   | \$ 4,100,000        |
| Japan Center        | 2,317,500      | 850                       | 2,600,000      | 850                        | 2,900,000      | 920                 |
| Vasodo Square       | 1,192,803      | 162 plus 20 vial          | 1,200,000      | (127 of 62.5 plus 20 vial) | 1,100,000      | (127 of 62.5)       |
| Kan in (Brazil)     | N/A            | N/A                       | N/A            | N/A                        | 750,000        | 161                 |
| Landlord Street     | 533,569        | 205                       | 753,000        | 205                        | 750,000        | 205                 |
| Union Square        | 4,988,787      | 1,030                     | 7,060,000      | (800 of 1,030)             | 5,700,000      | 5,700,000           |
| Union Square        | 17,763,029     | 3,271                     | 19,750,000     | 3,558                      | 19,950,000     | (820 of 1,030)      |
| Union Square        |                |                           |                |                            |                | 3,659               |

|                    | Monthly        | Transient      | Total            |
|--------------------|----------------|----------------|------------------|
| Gazette            |                |                |                  |
| St Mary's Square   | 110,000        | 150,000        | 260,000          |
| Pickersmith Square | 400,000        | 200,000        | 600,000          |
| Logan Center       | 12,000         | 43,000         | 55,000           |
| Wabash Street      |                |                |                  |
| North Beach        | 60,000         | 110,000        | 170,000          |
| Lombard Street     |                |                |                  |
| Union Square       |                |                |                  |
| <b>Totals</b>      | <b>602,000</b> | <b>510,000</b> | <b>1,112,000</b> |

**St. Mary's Square**  
FY 1999 - 2000 Any percent of spaces were lost due to seismic renovation. Not one of 189 spaces after renovation.  
**Lepan Center**  
Increased in revenue from total number of parking meters and anticipated implementation of monthly and transient vehicle parking for FY 2001 - 2002  
increased from 650 to 820 spaces by re-striping. The Jefferson Bowl closed in October 2000 and the garage contracted with the California Pacific Medical Center for monthly parking with shuttle services to assist the Pacific Heights neighborhood with their parking needs.  
**Vallito Street**  
Reduced revenues generated from street parking when North Beach Garage opens. The SPD uses 35 of the 162 spaces.  
**North Beach**  
FY 2001 - 2002 reflects anticipated 6 months of operation.  
**Lincoln Street**  
Aid revenue increase due to rate adjustment.  
**Rialto Square**  
Redundant approximately 210 spaces due to renovation.

| GARAGE            | ADDRESS          | PARKING SPACES | RESOLUTION NUMBER | COMMISSION APPROVAL DATE | IMPLEMENTATION DATE       |
|-------------------|------------------|----------------|-------------------|--------------------------|---------------------------|
| St. Mary's Square | 433 Kearney St.  | 639            | 129-00-PTC        | April 18, 2000           | June, 2000                |
| Portsmouth Square | 733 Kearney St.  | 504            | 129-00-PTC        | April 18, 2000           | May, 2000                 |
|                   |                  |                | 132-00-PTC        | May 2, 2000              | June, 2000                |
| Japan Center      | 1610 Geary Blvd. | 920            | 150-00-PTC        | August 1, 2000           | October, 2000             |
| Vallejo           | 766 Vallejo St.  | 162            | 151-00-PTC        | August 1, 2000           | September, 2000           |
| North Beach       | 735 Vallejo St.  | 203            | 114-00-PA         | August 1, 2000           | January, 2002 anticipated |
| Lombard St.       | 2055 Lombard St. | 205            | 115-00-PA         | August 1, 2000           | September, 2000           |
| Union Square      | 333 Post St.     | 800*           | 112-01-PTC        | February 20, 2001        | May, 2001                 |

Note: \*Originally 1,030 spaces reduced to 800 during renovation. Renovation is anticipated for completion by end of FY 2001 - 2002.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting  
Items 13 and 14 - File 01-0872 and File 01-0873

**Department:** Public Utilities Commission (PUC)  
Water Department

**Item:** File 99-0918 – Ordinance approving the revised schedule of rates to be charged by the Public Utilities Commission for water service to retail water customers inside and outside the City and County of San Francisco for Fiscal Year 2001-2002.

File 99-0924 – Ordinance approving the revised schedule of rates to be charged by the Public Utilities Commission for wholesale water service to its Suburban Resale Customers for Fiscal Year 2001-2002.

**Description:** The PUC establishes two separate water rate schedules. One schedule is for the Water Department's retail customers in San Francisco and its retail customers outside the City<sup>1</sup>. The other schedule is for the Water Department's "Suburban Resale Customers". Suburban Resale Customers are, collectively, 29 water agencies, primarily within the Counties of Alameda, San Mateo and Santa Clara, that purchase water at wholesale rates from the San Francisco Water Department for resale to their customers.

Water rate schedules for retail customers were last amended by the PUC effective July 1, 1996 when retail rates to the water users in San Francisco and outside the City were increased by 7.6 percent. Suburban Resale water rate schedules were last amended effective July 1, 2000 when such rates were increased by 4.4 percent in accordance with the terms of a 1984 settlement agreement described below.

The Board of Supervisors can only approve or disapprove water rate schedules submitted by the Public Utilities Commission. The proposed water rate schedules cannot be amended by the Board. Under Charter Section 2.109, the Board of Supervisors may approve, or reject, any rate, fee or similar charge to be imposed by any department, board or commission.

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<sup>1</sup> The PUC has approximately 340 retail water customers outside of the City, mostly in Alameda County in the town of Sunol, but also Santa Clara County, and six golf courses in San Mateo and Alameda Counties.

Proposition H, approved by the voters on June 2, 1998, mandates that retail Water rates and Sewer Service Charge rates are to remain at their current levels until July 1, 2006, subject to the following exceptions:

- The rate freeze would not apply to the fees charged to customers located outside of San Francisco.
- The rate freeze could be suspended if the City declared an emergency, as defined by the Charter.
- The rates could be increased to repay the money borrowed through the issuance of bonds by the City for improvements to the water system approved by the voters in November 1997 but such rate increases can not exceed a total of 18 percent during the period between July 1, 1998 and July 1, 2006.
- The rates could be increased to repay money borrowed for further improvements to the water and sewer systems approved by the voters in the future.

With respect to Suburban Resale rates, the terms of a 1984 settlement agreement between the Suburban Resale Customers and the City, and a related master water sales contract, which was approved by the Board of Supervisors and resolved litigation which had been pending since 1974, dictate the method of rate setting.

The settlement agreement established a method by which suburban resale rates are calculated each year. Under that agreement, cost accounting and rate setting are divided and based on the costs of providing water services to retail customers, as distinct from the Suburban Resale customers, who purchase water from the San Francisco Water Department at wholesale rates. The City sets the wholesale water rates to recover all costs associated with providing water to the Suburban Resale Customers, plus a rate of return on all debt funded assets and revenue funded assets.

Suburban Resale water service revenues, which are realized in excess of the computations made in accordance with the settlement agreement requirements, are credited to a "balancing account" which must be factored into the rate calculation for the following year. If the projected balancing account value and projected revenue from Suburban Resale Customers exceeds or falls short of

BOARD OF SUPERVISORS

BUDGET ANALYST

projected costs and a return on assets to the Water Department for the Suburban Resale Customers by more than two percent, adjustments to the Suburban Resale Customer rate schedules are mandated by the 1984 settlement agreement.

#### WATER RATES FOR RETAIL CUSTOMERS

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The PUC is proposing a rate increase for water rates charged to retail customers located in San Francisco and outside of San Francisco, of 8.65 percent on average. The percentage increase for different customers can vary slightly due to the need to round charges to the nearest cent. As noted above, water rates for retail customers can be increased to repay the money borrowed through the issuance of bonds by the City for improvements to the water system approved by the voters in November 1997. Such rate increases cannot exceed a total of 18 percent between July 1, 1998 and July 1, 2006 under Proposition H. In November of 1997, San Francisco voters approved \$304,000,000 in Water Revenue Bonds. A total of \$140,000,000 in such Water Revenue Bonds is anticipated to be sold in July of 2001 and the balance of \$164,000,000 will be sold in July of 2002. Debt service costs for the 1997 Water Revenue Bonds in FY 2001-2002 is projected to be \$10,170,848.

Proposition H limited rate increases to pay debt service on the \$304,000,000 in Water Revenue Bonds to a total of no more than 18 percent based on estimates of the amount of revenue required to pay such debt service. Because, as noted above, the Water Revenue Bonds will be sold during FY 2001-2002 (in the amount of \$140,000,000) and FY 2002-2003 (in the amount of \$164,000,000), the PUC currently intends to phase in the 18 percent rate increase over two years (two 8.65 percent increases result in a cumulative increase of 18 percent).

Attachment 1 to this report shows projected revenues and expenditures for FY 2001-2002 under existing rates for both retail and Suburban Resale customers. Attachment 2 to this report shows projected revenues and expenditures for FY 2001-2002 under the proposed rates for both retail and Suburban Resale customers which includes the 8.65 percent rate increase for retail customers.



Attachments 1 and 2 show projected revenue from the sale of water to retail customers of \$64,914,000 from retail customers under existing rates and \$70,528,000 under proposed rates, an increase of \$5,614,000 or 8.65 percent. This increase includes increased revenue due to the rate increase recommended by the PUC and due to further increased charges to retail customers outside of the City and other charges (see below). Also, under existing rates, the PUC estimates that the unappropriated surplus would decrease from \$46,609,000 to \$36,612,000, a reduction of \$9,997,000 or 21.4 percent. The PUC estimates that without a water rate increase for retail customers, the unappropriated surplus would become a deficit prior to the end of FY 2002-2003. The PUC recommends an adequate unappropriated fund balance as a prudent financial practice to provide reserve funds for emergency repairs, fluctuations in revenue collections, and preservation of a favorable credit rating.

The PUC also proposes to charge retail customers outside of the City 125 percent of the rates charged to retail customers within the City. Attachment 3 to this report provides an explanation of the rationale for this additional charge and the customers who will be effected.

The table on the following page, provided by the PUC, shows a comparison of typical monthly water bills for residential and commercial retail customers under existing rates and the proposed rates after an increase that averages 8.65 percent. As previously noted, the percentage increase for different customers can vary slightly due to the need to round charges to the nearest cent.



### COMPARISON OF TYPICAL MONTHLY WATER BILLS

| WATER PROVIDER              | DATE ADOPTED | SINGLE FAMILY RESIDENTIAL <sup>1</sup> | MULTI-FAMILY RESIDENTIAL <sup>2</sup> | COMMERCIAL <sup>3</sup> |
|-----------------------------|--------------|--|---------------------------------------|-------------------------|
| San Francisco Existing Rate | 7/1/96       | 12.22                                  | 39.00                                 | 113.10                  |
| San Francisco Proposed Rate | 7/1/01       | 13.28                                  | 42.40                                 | 122.90                  |
| Alameda CWD                 | 2/1/01       | 16.95                                  | 53.13                                 | 155.33                  |
| Contra Costa WD             | 2/1/99       | 33.92                                  | 81.82                                 | 405.54                  |
| Daly City                   | 7/1/99       | 17.04                                  | 105.06                                | 296.61                  |
| East Bay MUD                | 7/1/00       | 16.96                                  | 64.98                                 | 149.35                  |
| Hayward                     | 10/1/99      | 15.05                                  | 48.80                                 | 161.55                  |
| Marin MWD                   | 1/5/98       | 23.56                                  | 65.14                                 | 183.06                  |
| Palo Alto                   | 7/1/00       | 18.37                                  | 53.72                                 | 144.45                  |
| San Jose (Zone 3)           | 1/1/95       | 14.81                                  | 45.60                                 | 134.00                  |
| Santa Clara                 | 7/1/00       | 8.97                                   | 25.64                                 | 64.05                   |

<sup>1</sup> Based on 5/8" meter and monthly use of 700 cubic feet of water

<sup>2</sup> Based on 1-1/2" meter and monthly use of 2,000 cubic feet of water for 4 dwelling units

<sup>3</sup> Based on 3" meter and monthly use of 5,000 cubic feet of water

As can be seen in the table above, both existing and proposed rates for the City retail customers are lower than all other Cities and water districts with the exception of the City of Santa Clara.

### WATER RATES FOR SUBURBAN RESALE CUSTOMERS

As shown in Attachments 1 and 2, the projected July 1, 2001 balancing account<sup>2</sup> value is estimated to be a deficit of \$952,000 and the projected June 30, 2002 balancing account value is estimated to be a deficit of \$2,159,000 based on existing Suburban Resale Customer rates. The PUC has approved a required increase in Suburban Resale Customer rates of 2.8 percent to address the projected balancing account deficit in FY 2001-2002. This

<sup>2</sup> As noted previously, a "balancing account" is used as a means of separately accounting for Suburban Resale revenues and expenditures under the terms of the 1984 Settlement Agreement. Under the terms of the Settlement Agreement, revenues from water sales and expenditures for service to Suburban Resale Customers must be separately accounted for and are not intended to result in unappropriated surplus funds.

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

rate increase of 2.8 percent would increase projected 2001-2002 Suburban Resale water service revenues by \$1,728,000 from \$76,924,000 to \$78,652,000. However, this revenue increase only impacts the Water Department's balancing account and does not impact the Water Department's Operating Fund Balance.

As previously noted, Suburban Resale rates are set in accordance with procedures dictated by the 1984 settlement agreement.

**Comment:**

In accordance with the revenue requirements for Water Revenue Bonds, net revenues in each Fiscal Year must be equal to at least 1.25 times more than the revenue bond annual debt service due in that fiscal year (commonly known as the required debt service coverage ratio). Based on the PUC's recommended rate increase of 8.65 percent for retail customers and 2.8 percent for suburban resale customers, the projected debt service coverage at the end of FY 1999-2000 is 3.15 or 1.9 above the required debt service coverage ratio of 1.25. However, debt service coverage would decrease to 1.18 in FY 2004-2005 (prior to the expiration of the Proposition H rate freeze) and the Water Department would have a fund balance deficit of \$6,478,000 in FY 2003-2004, based on current projections, after all of the \$304,000,000 in 1997 Water Revenue Bonds are sold, without the 18 percent retail water rate increase that the PUC currently intends to phase in over two years (8.65 percent in FY 2001-2002 and 8.65 percent in FY 2002-2003).

**Recommendation:** Approve the proposed ordinances.

**PROJECTION OF REVENUES UNDER EXISTING RATES AND  
EXPENDITURES  
FISCAL YEAR 2001-02  
(\$000)**

|                               | CITY       | SUBURBAN  | TOTAL     |
|-------------------------------|------------|-----------|-----------|
| <b>AVAILABLE FUNDS</b>        |            |           |           |
| Unappropriated Surplus 7/1    | \$46,609   |           | \$46,609  |
| Balancing Account             | 952        | \$(952)   |           |
| Revenues from Sale of Water   | 64,914     | 76,924    | 141,838   |
| Rents                         | 7,200      |           | 7,200     |
| Interest Income               | 3,817      |           | 3,817     |
| Miscellaneous                 | 3,950      |           | 3,950     |
| Total Revenues                | 79,881     | 76,924    | 156,805   |
| Total Available Funds         | \$127,442  | \$75,972  | \$203,414 |
| <b>APPLICATION OF FUNDS</b>   |            |           |           |
| Operating Expenses            | \$89,068   | \$49,460  | \$138,528 |
| Debt Service                  | 30,433     |           | 30,433    |
| Subtotal Expenditures         | \$119,501  | \$49,460  | \$168,961 |
| Suburban Depreciation Expense | \$(11,617) | \$11,617  |           |
| Suburban Return               | (16,997)   | 16,997    |           |
| Interest                      | (57)       | 57        |           |
| Total Application of Funds    | \$90,830   | \$78,131  | \$168,961 |
| Unappropriated Balance 6/30   | \$36,612   | \$(2,159) | \$34,453  |

**PROJECTION OF REVENUES UNDER PROPOSED RATES AND EXPENDITURES  
FISCAL YEAR 2001-02  
(\$000)**

|                               | CITY       | SUBURBAN | TOTAL     |
|-------------------------------|------------|----------|-----------|
| <b>AVAILABLE FUNDS</b>        |            |          |           |
| Unappropriated Surplus 7/1    | \$46,609   |          | \$46,609  |
| Balancing Account             | 952        | \$(952)  |           |
| Revenues from Sale of Water   | 70,528     | 78,652   | 149,180   |
| Rents                         | 7,200      |          | 7,200     |
| Interest Income               | 4,071      |          | 4,071     |
| Miscellaneous                 | 3,950      |          | 3,950     |
| Total Revenues                | 85,749     | 78,652   | 164,401   |
| Total Available Funds         | \$133,310  | \$77,700 | \$211,010 |
| <b>APPLICATION OF FUNDS</b>   |            |          |           |
| Operating Expenses            | \$89,068   | \$49,460 | \$138,528 |
| Debt Service                  | 30,433     |          | 30,433    |
| Subtotal Expenditures         | \$119,501  | \$49,460 | \$168,961 |
| Suburban Depreciation Expense | \$(11,617) | \$11,617 |           |
| Suburban Return               | (16,997)   | 16,997   |           |
| Interest                      | (57)       | 57       |           |
| Total Application of Funds    | \$90,830   | \$78,131 | \$168,961 |
| Unappropriated Balance 6/30   | \$42,480   | \$(431)  | \$42,049  |



San Francisco  
Public Utilities Commission  
Bureau of Finance  
1155 Market St., 5<sup>th</sup> Floor  
San Francisco, CA 94103



## MEMORANDUM

**DATE:** MAY 18, 2001  
**TO:** KEN BRUCE, SENIOR MANAGER, BUDGET ANALYST'S OFFICE  
**CC:** KINGSLEY C. OKEREKE, DIRECTOR OF FINANCE, SFPUC  
**FROM:** W. H. LAWS  
**SUBJECT:** INSIDE/OUTSIDE CITY RATE DIFFERENTIAL

The existing rate for retail water service outside the City and County of San Francisco consists of a monthly service charge based on meter size and a uniform volume charge. The monthly service charge is generally higher than the monthly service charge applicable to retail water sales within the City. The volume charge outside the City is lower than the rate charge for water use within the City. Although no documentation supporting the current rate exists, it is likely the lower volume charge for outside sales is based a lower service standard for such sales. In recent years, the SFPUC has made significant improvements to the local water systems serving customers outside the City. These improvements include replacement of wells, water storage tanks, and distribution mains. The SFPUC has additional improvements planned. It is no longer reasonable to consider the service level provided to outside customers to be lower than that provided to customers within the City. Consequently, the SFPUC believes outside City rates should be brought in line with inside City rates.

It is a fairly common utility practice for municipal utilities to apply a rate differential for service outside their corporate boundaries. This practice has a cost justification based on the cost of extending facilities to serve outside city customers and the economic risk associated with building facilities to serve customers outside a utility's franchised service area. Where rate differentials have been adjudicated, the courts have generally applied a standard that the rates must not "unreasonably", "unjustly" or "unlawfully" discriminate against a customer or class of customers. Whether a particular rate is "unreasonably" discriminatory is a question of fact to be determined by the courts. However, rate differentials are based on cost are by definition not discriminatory. Factors such as the location of where the service is provided, the peak demands of an individual customer or group of customers, the volume of use over time are a few of the variables affecting cost.

In the case of rate schedule W-21, the SFPUC proposes to link the rates charged to outside City retail customers to those charged to customers within the City. The proposed rates are 125% of charges shown on rate schedule W-1. The 25% differential is a risk premium associated with serving customers outside the City. The SFPUC believes a risk premium is justified based on the relatively small customer base (approximately 340 customers, mostly in Alameda County, town of Sunol, but also Santa Clara County, and six golf courses in San Mateo and Alameda Counties) over which to spread costs of system improvements and the option of outside customers have to seek water service from their local franchise holder. These two factors increase the economic risks to City of extending its utility facilities to serve customers outside its boundaries. A limited review of case law indicates the courts have found inside/outside rate differentials of 25% to 100% to be reasonable, although without cost justification, the courts in some cases have limited the differentials to 50%. The SFPUC believes using a 25% rate differential is a reasonable method for recognize its cost of serving outside City customers while at the same insulating those customers from potential rate shocks that might be caused by increased costs and a small customer base.



Item 15-File 01-0936

**Department:** Department of Children, Youth, and Their Families (DCYF)

**Item:** Resolution authorizing the Department of Children, Youth, and Their Families to accept and expend a grant in the amount of \$484,500 from the United States Department of Agriculture for the Mayor's Summer Food Service Program for children.

**Grant Amount:** \$484,500

**Grant Period:** June 18, 2001 through August 17, 2001 (Nine-week period)

**Source of Funds:** United States Department of Agriculture (USDA)

**Description:** According to Ms. Camille Wise of the DCYF, for over ten years, the Mayor's Office has sponsored the Summer Food Service Program (SFSP) for needy children and youths up to the age of 18. The proposed resolution would authorize DCYF to accept and expend the subject grant of \$484,500 from the USDA. Throughout the school year, many low-income children and youths qualify to receive free or reduced cost meals through the national School Lunch Program. The SFSP is an extension of that program and would provide an estimated 200,000 free lunches from mid-June to mid-August to eligible children at 80 sites throughout San Francisco. Attachment III, provided by DCYF, lists the specific dates of operation at each site. The sites include 8 Housing Authority facilities, 27 Recreation and Park Department facilities, and 45 community-based nonprofit agencies, consisting of summer camps, summer youth programs, and church-operated programs. Ms. Wise advises that the sites are located where either (1) at least 50 percent of the youth population is eligible for subsidized meals during the regular school year, or (2) eligibility is established by family income level from the Census tract and in accordance with California Department of Education guidelines. The California Department of Education is the State pass-through agency for the subject Federal grant.

Ms. Wise advises that, as in the past, DCYF would continue to contract with the San Francisco Unified School District (SFUSD) for the lunch preparation and delivery. SFUSD kitchen staff would prepare the lunches in two SFUSD school kitchens. \$416,000 will be paid to the SFUSD to fund the preparation and delivery of the lunches.

**Budget:** The budget for the subject grant of \$484,500 for the period from June 18, 2001 through August 17, 2001 is as follows:

|  |              |
|--|--------------|
| Lunch Preparation<br>and Delivery by the SFUSD | \$416,000    |
| Administrative Salaries                        | 32,960       |
| Site Supervision Salaries                      | 26,400       |
| Rent   | 1,500        |
| Other Expenses                                 | <u>7,640</u> |
| Total  | \$484,500    |

Attachment I, provided by DCYF, provides details to support the budget summary shown above.

**Required Match:** None required.

**Number of Youth Served:** Approximately 4,000 San Francisco youths under the age of 18 would be served an estimated 200,000 lunches

**Indirect Costs:** The proposed resolution would waive the inclusion of indirect costs in the grant budget because they are not allowed by the granting agency.

**Comments:** 1. The proposed grant includes funding for 36 temporary DCYF positions from mid-June through mid-August as shown in Attachment I. These positions include one Assistant Coordinator and one Clerical Assistant who would provide general administrative assistance to the program, 10 Site Monitors, and 24 Site Supervisors. Ms. Wise advises that the 10 Site Monitors would regularly visit the sites and ensure that the program is operating properly. Ms. Wise advises that the 24 Site Supervisors would be Housing Authority residents who would distribute the lunches at the Housing Authority sites. Ms. Wise

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

advises that all of the positions would be designated "G," or grant funded. The proposed resolution does not state that the positions would be designated "G." Therefore, the proposed resolution should be amended to reflect the "G" designation.

Not listed in Attachment I is DCYF's Community Relations Coordinator, who is a full-time, permanent employee who coordinates the SFSP and who works on community relations projects the remainder of the year.

2. Attachment II is a Grant Information Form, provided by the DCYF, which includes the Disability Access Checklist. Ms. Wise advises that the Grant Information Form should show 36 positions

**Recommendations:** 1. In accordance with Comment No. 1, amend the proposed resolution to urge the Controller to designate the 36 temporary positions funded by the grant as "G," or grant-funded positions that would terminate when the subject grant expires.

2. Approve the proposed resolution, as amended.

2001 Mayor's Summer Food Program  
Estimated Budget

| Revenue               |  |                                  |                      |
|-----------------------|--|----------------------------------|----------------------|
|                       | # of meals                             | Reimbursement<br>Rate (per meal) | Amount               |
| Lunches               | 200,000                                | \$ 2.23                          | \$ 446,000.00        |
| Admin                 | 200,000                                | 0.1925                           | 38,500.00            |
| <b>Total Revenue</b>  |  |                                  | <b>\$ 484,500.00</b> |
|                       |  |                                  |                      |
| Expenses              |  |                                  |                      |
|                       | Rate                                   | Cost                             |                      |
| Lunches               | \$2.08*200000                          | 416,000.00                       |                      |
| Site Supervision      | 44 days *4 hrs/day*\$6.25/hr*24 people | 26,400.00                        |                      |
| Garbage Bags          | 60 boxes*\$8.95/box                    | 537.00                           |                      |
| Thermometers          | 140*\$3.70                             | 518.00                           |                      |
| Paper bags            | 200 boxes * \$6.95                     | 1,390.00                         |                      |
| Admin Salaries        | see below                              | 32,960.00                        |                      |
| Office Supplies       |  | 891.00                           |                      |
| Delivery Bags         |  | 1,489.00                         |                      |
| Transportation        | 13 Fast passes *3mos*\$35              | 1,365.00                         |                      |
| Telephone             | (installation+bill)                    | 1,050.00                         |                      |
| Rent                  | 3 mos * \$500                          | 1,500.00                         |                      |
| Postage               |  | 150.00                           |                      |
| Moving                |  | 250.00                           |                      |
| <b>Total Expenses</b> |  | <b>484,500.00</b>                |                      |

| Admin Salaries            | Days | Hrs/day | Salary/hr | Total               |
|---------------------------|------|---------|-----------|---------------------|
| Asst. Coordinator         | 80   | 8       | 13.00     | 8,320.00            |
| Clerical Assistant        | 80   | 8       | 11.00     | 7,040.00            |
| Site Monitors (10 people) | 44   | 5       | 8.00      | 17,600.00           |
| <b>Total</b>              |      |         |           | <b>\$ 32,960.00</b> |

File Number: 01-0936  
 (Provided by Clerk of Board of Supervisors)

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Grant Information Form  
 (Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

- Grant Title: Mayor's Summer Food Service Program
- Department: Department of Children, Youth & Their Families
- Contact Person: Camille Broussard Telephone: 557-6773
- Grant Approval Status (check one):

☐ Approved by funding agency

☒ Not yet approved

Amount of Grant Funding Approved or Applied for: \$ 484,500

- a. Matching Funds Required: \$
- b. Source(s) of matching funds (if applicable):

- a. Grant Source Agency: United States Department of Agriculture
- b. Grant Pass-Through Agency (if applicable): California Department of ~~Agriculture~~ Education

Proposed Grant Project Summary:  
 Through funding from the USDA and under the auspices of the Mayor's Office, the Department of Children, Youth and Their Families provides San Francisco needy children and youth (18 years and younger) with free meals during the summer months (June - August).

Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: June 18, 2001

End-Date: August 17, 2001

Number of new positions created and funded: 35

1. If new positions are created, explain the disposition of employees once the grant ends?

All positions are Temporary/Exempt; all positions are terminated at end of program.

2a. Amount budgeted for contractual services:

b. Will contractual services be put out to bid? No

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements?

d. Is this likely to be a one-time or ongoing request for contracting out?

13a. Does the budget include indirect costs?

☐ Yes

☒ No

b1. If yes, how much? \$

b2. How was the amount calculated?

c. If no, why are indirect costs not included?

☒ Not allowed by granting agency

☐ To maximize use of grant funds on direct services

☐ Other (please explain):

14. Any other significant grant requirements or comments:

**--Disability Access Checklist--**

15. This Grant is intended for activities at (check all that apply):

☒ Existing Site(s)

☐ Existing Structure(s)

☐ Existing Program(s) or Service(s)

☐ Rehabilitated Site(s)

☐ Rehabilitated Structure(s)

☐ New Program(s) or Service(s)

☐ New Site(s)

☐ New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability Reviewer: Anna Rainey

(Name)

Date Reviewed: May 4, 2001

Department Approval: Deborah Alvarez-Rodriguez

(Name)

Director

(Title)

(Signature)



ATTACHMENT III

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SUMMER FOOD SERVICE PROGRAM SITES \*  
JUNE 18 - AUGUST 17, 2001

| Site Name                                | Site Address           | Zip Code | Lunch Time   | ADP | Date of Operation | Contact Person                |
|--|------------------------|----------|--------------|-----|-------------------|-------------------------------|
| 4 Aim High; Lick Wilmerding              | 755 Ocean Ave.         | 94112    | 12:00-1:00   | 100 | 6/25-7/27         | James Harris                  |
| 8 Alice Chalmers Recreation Ctr.         | 670 Brunswick St.      | 94112    | 12:00-1:00   | 60  | 6/18-8/17         | Derick Waters, Gertha Curtis  |
| 9 Alice Griffith                         | 10 Cameron Way         | 94124    | 12:00-1:00   | 50  | 6/18-8/17         | Christine Neal                |
| 8 Asian Women Resource Ctr.              | 940 Washington St.     | 94108    | 12:00-1:00   | 60  | 6/18-8/17         | Gloria Tan                    |
| 8 Bernal Heights Playground              | 500 Moultrie at Jarboe | 94110    | 12:00-1:00   | 20  | 6/18-8/17         | Howard Smith                  |
| 9 Boeddeker Park                         | 295 Eddy St.           | 94102    | 12:00-1:00   | 45  | 6/18-8/17         |                               |
| 0 Cayuga Playground                      | 301 Naglee St.         | 94112    | 12:00-1:00   | 35  | 6/18-8/17         | Jeri Jackson Randall          |
| 4 SACK Summer Adventure Camp for Kids    | 21 Walter U Lum Place  | 94108    | 11:30 -12:30 | 50  | 6/18-8/2          | Dick Horn                     |
| 7 Chinese Recreation Ctr.                | 1199 Mason St.         | 94108    | 12:00-1:00   | 130 | 6/18-8/3          | Jimmy Chin, Jerry Wong        |
| 1 Crocker Amazon Playground              | Moscow & Italy St.     | 94122    | 12:00-1:00   | 40  | 6/18-8/17         | Donna Shields                 |
| 0 Cumberland Presby Church               | 865 Jackson St.        | 94133    | 12:00-1:00   | 260 | 6/18-7/27         | Smith Jang, Amella Sun        |
| 5 Ella Hill Hutch Community Ctr.         | 1050 McAllister St.    | 94115    | 12:00-12:30  | 30  | 6/18-8/10         | Patrick Harris                |
| 0 Excelsior Playground                   | 579 Madrid St.         | 94112    | 12:00-1:00   | 35  | 6/18-8/17         | Rajan Alexander               |
| 1 First Chinese Southern Baptist Church  | 1255 Hyde St.          | 94109    | 12:00-1:00   | 75  | 6/18-8/17         | Ka-Mee Leong                  |
| 0 Garfield Playground                    | 1271 Treat Ave.        | 94110    | 12:00-1:00   | 50  | 6/18-8/17         | Al Mattocks                   |
| 1 Gilman Playground                      | Gilman & Griffith      | 94124    | 12:00-1:00   | 75  | 6/18-8/17         | Paulette Washington           |
| 6 Hamilton Recreation Ctr.               | Greary & Steiner St.   | 94115    | 12:00-1:00   | 40  | 6/18-8/17         | Wally Bailey                  |
| 9 Helen Wills Playground                 | 1965 Larkin St.        | 94109    | 12:00-1:30   | 55  | 6/18-8/17         | Chris Huie                    |
| 0 Herz Playground                        | 1700 Visitacion St.    | 94134    | 12:00-2:00   | 40  | 6/18-8/17         | Renee Strong                  |
| 6 Hunter's Point A West                  | 1065 Oakdale Ave.      | 94124    | 11:00-2:00   | 35  | 6/18-8/17         | Yvonne Gage                   |
| 0 Joseph Lee Recreation Ctr.             | 1395 Mendell St.       | 94124    | 12:00-1:00   | 50  | 6/18-8/17         | D. Minor                      |
| 0 Milton Meyer Recreation Ctr.           | 195 Kiska Road         | 94124    | 12:00-2:00   | 40  | 6/18-8/17         | Susan Curry                   |
| 1 Miraloma Playground                    | 25 Omar & Sequoia St.  | 94127    | 12:00-1:00   | 35  | 6/18-8/17         | Lisa Behar                    |
| 3 Mission Playground                     | 3555 19th St.          | 94110    | 12:00-1:00   | 25  | 6/18-8/17         | Karia Rosaies, Lou Mauhupau   |
| 5 Mission Recreation Ctr.                | 745 Treat St.          | 94110    | 12:00-1:00   | 40  | 6/18-8/17         | Margaret Perea                |
| 6 North Beach Housing                    | 531 Bay St.            | 94133    | 12:00-2:00   | 35  | 6/18-8/17         | Alma L. Lark                  |
| 7 Oceanview Recreation Ctr.              | 650 Capitol Ave.       | 94112    | 12:00-1:00   | 60  | 6/18-8/17         | Lorraine Hanks                |
| 4 Ping Yuen North                        | 838 Pacific St.        | 94133    | 12:00-2:00   | 50  | 6/18-8/17         | Ying Ting Siu                 |
| 5 Paiega Recreation Ctr.                 | 500 Felton St.         | 94134    | 12:00-1:00   | 50  | 6/18-8/17         | Gaye Jones-Lacy, David Hill   |
| 3 Poirero Terrace                        | 1088 Connecticut St.   | 94107    | 12:00-2:00   | 80  | 6/18-8/17         | Mae Theima Carson             |
| 1 Precita Valley Community Ctr.          | 534 Precia Ave.        | 94110    | 12:00-1:00   | 35  | 6/18-8/17         | Rosalinda Dela Rosa           |
| 3 Robert B. Pitts                        | 1150 Scott St.         | 94115    | 12:00-2:00   | 35  | 6/18-8/17         | Tiffany Barnett               |
| 3 San Francisco Chinese Mennonite Church | 4021 California St.    | 94118    | 11:30-12:00  | 40  | 6/18-8/17         | Joshua So                     |
| 3 St. Mary's Recreation Ctr.             | Justin & Murray St.    | 94112    | 12:30-1:30   | 40  | 6/18-8/17         | Reggie Gage                   |
| 1 Salesian Boys & Girls Club             | 680 Filbert St.        | 94133    | 11:30-12:30  | 100 | 6/18-8/10         | Sherri Hughston, Jazmin Stale |
| 3 Silver Terrace Playground              | 269 Waterville St.     | 94124    | 12:00-1:00   | 35  | 6/18-8/17         | David Benton                  |

ADP= AVERAGE DAILY PARTICIPATION

8 HOUSING AUTHORITY SITES  
27 RECREATION & PARK SITES

45 NON-PROFIT/CBO SITES

\* Only 79 of the 80 sites are listed here. The remaining, anticipated site is expected to be the Salvation-Army Mission Corps at 1165 Valencia Street.

ATTACHMENT III  
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|     |   |                          |       |             |     |           |                                |
|-----|---|--------------------------|-------|-------------|-----|-----------|--------------------------------|
| 109 | Tenderloin Recreation Ctr.              | 570 Ellis St.            | 94109 | 12:00-1:00  | 100 | 6/18-8/17 | Don Mailoux                    |
| 110 | Village Community Ctr.                  | 333 Schwerin St.         | 94134 | 12:00-2:00  | 60  | 6/18-8/17 | Lela Jones, Sheila Hill        |
| 113 | Upper Noe Recreation Ctr.               | 299 Day St.              | 94131 | 12:00-1:30  | 35  | 6/18-8/17 | Christine Borg, Willie Dickens |
| 114 | Valencia Garden                         | 1792 15th St.            | 94103 | 11:00-2:00  | 35  | 6/18-8/17 | Anita Ortiz                    |
| 115 | Visitation Chinese Baptist Church       | 8 Desmond St.            | 94134 | 12:15-12:45 | 70  | 6/25-8/10 | Samson Wong                    |
| 118 | Westside Courts                         | 2501 Sutter St.          | 94115 | 12:00-2:00  | 30  | 6/18-8/17 | Dorothy Henderson              |
| 119 | Youngblood Coleman                      | 1400 Hudson St.          | 94124 | 12:00-1:00  | 35  | 6/18-8/17 | Sophia Bounds Tumpseed         |
| 125 | Aim High: Visitation Valley Middle Sch. | 450 Raymond St.          | 94134 | 12:00-1:00  | 75  | 6/25-7/27 | Bob Knox                       |
| 130 | Central Chinese High Sch.               | 829 Stockton St.         | 94108 | 11:45-1:00  | 200 | 6/19-8/3  | Shubang Li, Diana Zeng         |
| 135 | Mission Cultural Ctr. for Laton Arts    | 2868 Mission St.         | 94110 | 12:00-12:30 | 90  | 6/25-8/17 | Jose Ledn                      |
| 138 | YMCA Mission Girls Service              | 3261 23rd St.            | 94110 | 12:00-1:00  | 35  | 6/18-8/10 | Gloria Romero                  |
| 142 | Third Baptist: Academic Summer Sch.     | 1601 Turk St.            | 94117 | 11:45-1:00  | 75  | 6/18-7/27 | Mac Levels, Carrie Cook        |
| 145 | Aim High: Yick Wo                       | 2245 Jones St.           | 94133 | 12:15-1:00  | 75  | 6/25-7/27 | Matt Reno                      |
| 148 | Shoreview Apt.                          | 35 Lillian Court         | 94122 | 12:00-2:00  | 30  | 6/18-8/17 | Velveion Booker                |
|     | All Hallows Garden                      | 6 Baldwin Court          | 94124 | 12:00-2:00  | 40  | 6/18-8/17 | Helen Jackson                  |
| 154 | Aim High: Urban School                  | 1593 Page St.            | 94117 | 12:00-1:00  | 90  | 6/25-7/27 | Loren Moya                     |
| 155 | Sunnyside Playground                    | Melrose & Terasita Blvd. | 94127 | 12:00-1:00  | 35  | 6/18-8/17 | Barbara Tate                   |
| 156 | Hayes Valley Playground                 | 691 Hayes St.            | 94117 | 12:00-1:00  | 40  | 6/18-8/17 | Fidel Joshua                   |
| 162 | Chinatown Beacon Ctr.                   | 840 Broadway St.         | 94133 | 11:30-1:30  | 100 | 6/18-8/17 | Linda Asato                    |
| 168 | Prince Hall Apt.                        | 1040 Fillmore St. #501   | 94115 | 12:00-2:00  | 60  | 6/18-8/17 | Carla Coleman                  |
| 169 | Richmond District Neighborhood Ctr.     | 251 6th Ave.             | 94118 | 11:00-12:00 | 60  | 6/18-7/27 | Charles Corsiglia              |
| 170 | Sunset Youth Services                   | 4001 Judah St.           | 94122 | 11:00-1:00  | 25  | 6/18-8/17 | Dawn Stueckle                  |
|     | Pacific Islander Youth Alliance         | 2055 Sunnydale St. Room  | 94134 | 1:00-2:00   | 55  | 6/18-7/27 | Allao Malepeai Tolaeono        |
|     | OMI/Excelsior Neighborhood Beacon Ctr.  | 241 Oneida Ave.          | 94134 | 12:00-1:00  | 90  | 6/25-8/10 | Ginny Fang/Willi               |
|     | Aim High: Roosevelt                     | 460 Arguello St.         | 94118 | 12:00-1:00  | 90  | 6/25-7/27 | Dana Hernandez                 |
|     | Freedom West Homes                      | 460 Fulton St.           | 94102 | 12:00-1:00  | 35  | 6/20-8/15 | Wayne Morrison                 |
|     | Western Addition Beacon                 | 1430 Scott St.           | 94115 | 12:00-1:00  | 100 | 6/18-8/17 | Barbara Cohen                  |
|     | Buchanan Park                           | 1150 Webster St.         | 94115 | 12:30-1:30  | 45  | 6/18-8/17 | Ashlee Lynche                  |
|     | Hayward Playground                      | 1016 Laguna St.          | 94102 | 12:00-1:00  | 35  | 6/18-8/17 | Joan Pierson                   |
|     | Sunset Neighborhood Beacon Ctr.         | 3151 Ortega St.          | 94122 | 12:30-1:30  | 15  | 6/18-8/8  | Sean Yeung                     |
|     | Project Discover                        | 300 Gaven St.            | 94134 | 11:45-12:45 | 70  | 6/25-8/3  | Beverlie Leano                 |
|     | First Chinese Baptist Church            | 15 Waverly Place         | 94108 | 11:30-12:30 | 70  | 6/18-7/27 | Chris Otani                    |
|     | Merced Heights Playground               | 801 Byxbee St.           | 94132 | 12:00-1:00  | 25  | 6/18-8/17 | Sondra Long                    |
|     | Community Bridge Beacon                 | 450 Church St. Room 19   | 94114 | 11:30-12:30 | 50  | 6/18-8/1  | Ali Vieira, Carlane Mattsof    |
|     | YMCA Western Addition                   | 1830 Sutter St.          | 94115 | 12:00-1:00  | 35  | 6/18-8/10 | Ann Duncan, Jennifer Toomay    |
|     | John Muir Elementary Sch.               | 380 Webster St.          | 94117 | 12:00-1:00  | 75  | 6/18-8/17 | Linda Williams                 |
|     | Boys & Girls Club Treasure Island       | 401 13th St./Ave. E Room | 94130 | 12:00-1:00  | 40  | 6/18-8/17 | Sharah Nieto                   |

ATTACHMENT III

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|                                     |                     |       |             |               |                            |
|-------------------------------------|---------------------|-------|-------------|---------------|----------------------------|
| San Francisco Day Sch. Summerbridge | 350 Masonic St.     | 94118 | 11:00-12:00 | 68/6/18-7/27  | Carolina Martin            |
| True Hope Community Ctr.            | 950 Gilman Ave.     | 94124 | 11:00-12:30 | 75/7/30-8/10  | Joyce Gray, Lillie Toliver |
| Sunnydale Developments              | 1654 Sunnydale Ave. | 94134 | 11:00-2:00  | 35/6/18-8/17  | Christine Sandoval         |
| Chinatown YMCA                      | 350 Broadway        | 94133 | 12:00-1:00  | 80/6/18-8/2   |                            |
| McLaren Park                        | 1100 Mansell        | 94134 | 12:30-1:30  | 80/6/18-8/17  | Keith Grier                |
| Excelsior Unit: Boys & Girls Club   | 163 London St.      | 94112 | 12:00-1:30  | 120/6/18-8/17 | Camilo Otero               |

Item 16 - File 01-0932

**Department:** Mayor's Office of Public Finance

**Item:** Resolution approving (a) the execution and delivery of Refunding Certificates of Participation to refinance, in part and/or in whole, Certificates of Participation previously executed and delivered by the City and County of San Francisco, approving the form of the property and facility lease between the City and a Trustee; (b) approving the form of the project lease between the City and a Trustee (including certain indemnities contained therein); (c) authorizing the selection of a Trustee, approving the form of the Trust Agreement between the City and a Trustee (including certain indemnities contained therein); (d) authorizing the selection of an escrow agent; (e) approving the form of the escrow agreement between the City and an escrow agent; (f) approving the form of the Official Notice of Sale and Notice of Intention to sell for the Refunding Certificates of Participation; (g) directing the publication of the Notice of Intention to Sell for the Refunding Certificates of Participation; (h) approving the form of the Official Statement in preliminary and final form; (i) approving the form of a Continuing Disclosure Certificate; (j) authorizing reimbursement of certain expenditures; (k) authorizing the payment of costs of issuance; and (l) ratifying previous actions taken in connection therewith.

**Amount:** Not to exceed \$60,800,000

**Description:** In October of 1991, the City issued \$15,117,874 of tax-exempt Certificates of Participation (COPs) Series 1991A and \$2,640,000 of Taxable Certificates of Participation Series 1991B, totaling \$17,757,874, to finance the purchase of an office building at 25 Van Ness Avenue for office space for City Departments. In June of 1995, the City issued \$60,520,000 of tax-exempt Certificates of Participation Series 1995 to finance the construction, furnishing, and equipping of the Courthouse, located at 400 McAllister Street.

The Mayor's Office of Public Finance now proposes to refinance at a lower rate of interest tax-exempt COPs

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

Series 1991A, Taxable Series 1991B, and a portion of tax-exempt Series 1995, thereby reducing the City's debt service payments. Approval of the proposed resolution would authorize the Mayor's Office of Public Finance to issue Refunding COPs in the amount not to exceed \$60,800,000, including (a) tax-exempt Refunding COPs in an aggregate principal amount not to exceed \$60,000,000 at an annual interest rate not to exceed 12 percent and (b) Taxable Refunding COPs in an aggregate principal amount not to exceed \$800,000, at an annual interest rate not to exceed 12 percent.

The proposed resolution would authorize the City to enter into a Trust Agreement, a Property and Facilities Lease, and Project Lease. Under the Trust Agreement, the Director of Public Finance would appoint a Trustee to receive the base rental payments from the subject properties (discussed below) and to use such revenues to pay debt service payments to the holders of the Refunding COPs.

Under the Property and Facilities Lease, the City would lease the property at 400 McAllister Street to the Trustee.

Under the Project Lease, the City would lease back the property located at 400 McAllister Street from the Trustee and pay base rental payments, equal to the Refunding COPs annual debt service (see Comment 2). For budgeting purposes and as is currently done, the City Departments occupying space at 25 Van Ness Avenue and 400 McAllister Street would include these base rental payments in their annual budgets.

Approval of the proposed resolution would also:

- (a) authorize the City to enter into an Escrow Agreement, establishing an escrow fund to hold proceeds from the sale of the Refunding COPs prior to the completion of the refinancing transaction, and to select an Escrow Agent;
- (b) approve the Official Notice of Sale, specifying the purpose of the Refunding COPs, the terms of sale, the dates of interest and principal payments, and other terms, such as prepayment options for the bidder, the City's option to allow mandatory prepayment, and



that municipal bond insurance may be provided at the bidders' option;

- (c) approve the Notice of Intention to Sell;
- (d) approve the Official Statement in preliminary and final form, which discloses the purpose of issuing the subject Refunding COPs, the par amount of the Refunding COPs, the base rental payments from the subject property which secures the COPs, and the risk factors associated with the Refunding COPs. The Official Statement also discloses the City's obligation to include such base rental payments in its annual budget, to maintain the subject property, and to maintain property and other insurance for the subject property; and
- (e) approve the Continuing Disclosure Certificate, specifying that the City shall provide an annual report to the holders and owners of the COPs, in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5).

The proposed resolution also provides that the City would use proceeds from the sale of the proposed Refunding COPs to reimburse the City for costs of issuance of the Refunding COPs. Under the proposed resolution, the total cost of issuance of the Refunding COPs is not to exceed \$300,000, or such higher amount as determined by the Director of Public Finance.

**Comments:**

1. Administrative Code Section 43.6.6 requires that the City calculate net debt service savings by comparing the present value of the aggregate debt service on the refunding bonds or certificates to that of the refunded bonds or certificates. According to Ms. Karen Ribble of the Mayor's Office of Public Finance, the industry standard for net debt service savings to refund prior debt obligations is 3 percent.<sup>1</sup> Under this standard, only the

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<sup>1</sup> According to the Mayor's Office of Public Finance, the 3 percent net debt service savings is calculated by dividing the estimated present value of the savings over the term of the Refunding COPs by the par amount of the Refunding COPs. As shown in Attachment I, the estimated present value of the savings over the 16-year term of the \$16,645,000 of Refunding COPs to refund Series 1991A and 1991B is \$685,004, which is 4.1 percent of \$16,645,000, or 1.1 percentage points greater than the industry standard of 3 percent. As noted in Comment 1, although the proposed resolution would authorize the City to refund up to \$60,800,000 of COPs, the Mayor's Office of Public Finance advises that only \$16,645,000 of the amount of not to exceed \$60,800,000 would meet the industry standard of 3 percent net debt service savings under current market conditions. As noted in



outstanding principal balance of tax-exempt Series 1991A and Taxable Series 1991B, in the amount of \$15,469,398, would be eligible for refunding under current market conditions (see Comment 5). As shown in the attached memorandum (Attachment I), if the City were to refund \$15,469,398 of COPs tax-exempt Series 1991A and Taxable Series 1991B, the par amount of the Refunding COPs would be approximately \$16,645,000. Ms. Ribble states that the par amount of \$16,645,000 includes \$15,930,000 in tax-exempt Refunding COPs, at an estimated 4.65 percent interest rate compared to the 6.575 percent interest rate for the current outstanding tax-exempt Series 1991A, and \$715,000 in Taxable Refunding COPs, at an estimated 6.1 percent interest rate, compared to the 8.5 percent interest rate for the current outstanding Taxable Series 1991B.

2. As shown in Attachment II, provided by the Mayor's Office of Public Finance, the projected FY 2001-2002 debt service payment for the Refunding COPS would be \$1,494,037 (\$1,347,184 in FY 2001-2002 debt service for tax-exempt Series 1991A COPs plus \$146,853 for Taxable Series 1991B COPs), which is \$42,251 less than the FY 2001-2002 debt service for Series 1991A COPs of \$1,536,288 (\$1,378,063 for tax-exempt Series 1991A COPs plus \$158,225 for Taxable Series 1991B COPs). As noted in Comment 1, under current market conditions only the outstanding principal balance of tax-exempt Series 1991A COPs and Taxable Series 1991B COPs of \$15,469,398 would meet the industry standard of 3 percent net debt service savings. As noted in Comment 5, \$38,660,000 of outstanding Series 1995 COPs would meet the industry standard of 3 percent net debt service savings if the interest rate were to decrease by approximately 0.25 percentage points.

3. Ms. Ribble states that the estimated net debt service savings over the 16-year term of the Refunding COPs would be approximately \$685,004, which includes an estimated net debt service savings of \$676,470 for tax-exempt Refunding COPs and \$8,534 for Taxable

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Comment 5, approximately \$38,660,000 in outstanding tax-exempt Series 1995 COPs would meet the industry standard of 3 percent net debt service savings if the interest rate were to decrease by 0.25 percentage points (see Attachment I).

Memo to Finance Committee  
May 30, 2001 Finance Committee Meeting

Refunding COPs. The net debt service savings amount of \$685,004 is 4.1 percent of the refunding par amount of \$16,645,000, and this percentage savings of 4.1 percent is 1.1 percentage points more than the industry standard for net debt service savings of 3 percent for refunding COPs.

4. Attachment III, provided by the Mayor's Office of Public Finance, summarizes the sources and uses of proceeds from the sale of Refunding COPs in the amount of \$16,645,000, plus \$1,753,830 in prior Certificates proceeds that will remain as a reserve fund, for total sources of \$18,398,830, as follows:

|   | <u>Refunding<br/>Certificate<br/>Proceeds</u> | <u>Prior<br/>Certificate<br/>Proceeds</u> | <u>Total</u>     |
|---|---|---|------------------|
| <b>Sources</b>                                    |   |   |                  |
| Series 2001-1 Principal                           | \$15,930,000                                  |   | \$15,930,000     |
| Taxable Series 2001-2 Principal                   | <u>715,000</u>                                |   | <u>715,000</u>   |
| <i>Subtotal</i>                                   |   |   | 16,645,000       |
| Series 1991A Reserve                              |   | 1,599,644                                 |                  |
| Taxable Series 1991B Reserve                      |   | <u>154,186</u>                            |                  |
| <i>Subtotal</i>                                   |   |   | <u>1,753,830</u> |
| <b>Total</b>                                      | \$16,645,000                                  | \$1,753,830                               | \$18,398,830     |
| <b>Uses</b>                                       |   |   |                  |
| Series 2001-1 Refunding Escrow Account            | 15,423,596                                    | 95,896                                    | 15,519,492       |
| Taxable Series 2001-2 Refunding Escrow<br>Account | 691,697                                       | 82,686                                    | 774,383          |
| Series 2001-1 Reserve Fund                        |   | 1,503,748                                 | 1,503,748        |
| Taxable Series 2001-2 Reserve Fund                |   | <u>71,500</u>                             | <u>71,500</u>    |
| Costs of Issuance                                 | 300,000                                       |   | 300,000          |
| Underwriters' Discount                            | 223,100                                       |   | 223,100          |
| Contingency                                       | <u>6,607</u>                                  |   | <u>6,607</u>     |
| <b>Total</b>                                      | \$16,645,000                                  | \$1,753,830                               | \$18,398,830     |

5. Ms. Ribble states that, if interest rates were to decrease by approximately 0.25 percentage points by July 11, 2001, which is the target date for the sale of the proposed Refunding COPs, then the City would be able to refund \$38,660,000 of Series 1995 COPs<sup>2</sup>, and meet the industry standard of 3 percent net debt service savings.

<sup>2</sup> This is the portion of the Series 1995 COPs which the City has the option to call under the original sale agreement.

6. As noted in Attachment I, the Mayor's Office of Public Finance proposes to structure the Refunding COPs to remove all liens against 25 Van Ness Avenue, thus creating an unencumbered asset. According to Ms. Ribble, the Refunding COPs would add a lien, equal to the Refunding COPs debt service, to the existing lien created by the Series 1995 COPs<sup>3</sup> for the Courthouse at 400 McAllister Street. Ms. Ribble reports that, if 25 Van Ness Avenue were an unencumbered asset with an estimated fair market value of approximately \$30,000,000, then the property could be used to secure financing for future capital construction projects. Ms. Ribble states that, by using the property at 25 Van Ness Avenue to secure financing for future construction projects, the City would save capitalized interest costs for such future projects.<sup>4</sup>

7. Ms. Ribble advises that the Series 1991A COPs were initially issued with a term of 25 years, maturing in 2016, and the Series 1991B COPs were issued with a term of 15 years, maturing in 2006. The proposed tax-exempt Refunding COPs, which would refund tax-exempt Series 1991A COPs, would have a term of 16 years, maturing in 2017, and the Taxable Refunding COPs, which would refund Taxable Series 1991B COPs, would have a term of 6 years, maturing in 2007.

8. As noted previously, the Series 1995 COPs would not meet the industry standard of 3 percent net debt service savings under current market conditions, and therefore, the Mayor's Office of Public Finance would not issue Refunding COPs to refund Series 1995 COPs unless the interest rate were to decrease by 0.25 percentage points (see Comment 5). However, approval of the proposed resolution would authorize the Mayor's Office of Public Finance to issue Refunding COPs to refund Series 1995

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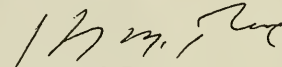
<sup>3</sup> The existing lien against 400 McAllister Street is \$46,030,000 in outstanding COPs Series 1995 balance, of which \$38,660,000 are callable (see Comment 5) and \$7,370,000, which mature between 2002 and 2005, are not callable. According to Ms. Ribble the fair market value of 400 McAllister Street is approximately \$92,000,000, which is \$45,970,000 greater than the current lien of \$46,030,000.

<sup>4</sup> When the City uses revenue bonds or lease financing to finance a construction project, then the City is required to set aside funds to service revenue bond or lease finance debt payments, prior to the time when the project is completed and revenues are generated. Capitalized interest costs are the amount of such funds that the City is required to set aside.

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May 30, 2001 Finance Committee Meeting

COPs at any point in the future, if refunding such COPs meets the industry standard of 3 percent net debt service savings and the total par amount of Refunding COPs, including the refunding of Series 1991A and 1991B and Series 1995, did not exceed \$60,800,000, as stated by the subject resolution.

**Recommendation:** Approve the proposed resolution.

  
Harvey M. Rose

Supervisor Leno  
Supervisor Peskin  
Supervisor Gonzalez  
Clerk of the Board  
Controller  
Steve Kawa

OFFICE OF THE MAYOR  
SAN FRANCISCO

WILLIE LEWIS BROWN, JR.

## MEMORANDUM

**TO:** Ken Bruce  
Budget Analyst

**FROM:** Karen Ribble *KR*  
Mayor's Office of Public Finance

**SUBJECT:** City and County of San Francisco Refunding Certificates of Participation Series 2001-1 and Taxable Series 2001-2  
(San Francisco Courthouse and 25 Van Ness Avenue Project)

**DATE:** May 23, 2001

**Background:** In October 1991, the City issued \$15,117,873 of Certificates of Participation (25 Van Ness Avenue Project), Series 1991A (the "1991A COPs") and \$2,640,000 of Taxable Certificates of Participation (25 Van Ness Avenue Project), Series 1991B (the "1991B COPs," and together with the 1991A COPs, the "1991 COPs") to finance the acquisition of the 25 Van Ness office building which was largely leased by City departments. In June 1995, the City issued \$60,520,000 of Certificates of Participation (San Francisco Courthouse Project), Series 1995 (the "1995 COPs," and together with the 1991 COPs, the "Prior COPs") to finance the construction, furnishing and equipping of the courthouse building located at 400 McAllister Street.

It is now possible to refund certain of the Prior COPs. Under current market conditions, the City could refund only the 1991 COPs (\$15,469,398 outstanding principal amount) at the City (and industry) standard 3% target level for present value savings. However, the resolution would provide the City with the flexibility to refund the callable 1995 COPs (\$38,660,000 outstanding principal amount) should market conditions improve by about  $\frac{1}{4}$  of 1% (the point at which the City could achieve the 3% savings target for the 1995 COPs). The maximum par amount allowable under the resolution is \$60,800,000, which would provide for the refunding of all of the Prior Certificates. Approval of this resolution would authorize the Mayor's Office of Public Finance to determine the amount of debt to be refunded, which determination would be made based on the 3% savings target.

If the City were to refund only the \$15,469,398 of 1991 COPs outstanding, the par amount of the Refunding COPs would be approximately \$16,645,000. This would consist of approximately \$15,930,000 of tax-exempt certificates to refinance the portion of 25 Van Ness leased to City departments and \$715,000 of taxable certificates to refinance the portion of the 25 Van Ness Avenue building still leased to a private corporation and not financeable with tax-exempt certificates. Because of changes in the tenants of 25 Van Ness since the original COPs were



issued, the City is able to refund 49% of the Taxable 1991 COPs with tax exempt refunding certificates.

The yield on the 1991A COPs is 6.575%. The yield on the 1991B COPs (Taxable) is 8.5%. Under current market condition, it is estimated that the yield on the tax-exempt Refunding COPs would be approximately 4.65% and the estimated yield on the taxable Refunding COPs would be approximately 6.10%.

### Fiscal Impact

The debt service payments on the proposed Refunding COPs would continue to be budgeted annually in the various City departments' budgets as rent. Under current market condition, such rent would be reduced by approximately \$40,000 per year (for 16 years) on the 1991A COPs and \$13,000 per year on the 1991B COPs (for 6 years), for a total of approximately \$53,000 per year (for 6 years) and \$40,000 (for the remaining 10 years). The current estimated net present value savings would be approximately \$685,000, which is about 4.1% of the refunding par amount.

We have also structured the Refunding COPs to provide, in addition to annual debt service savings, an unencumbered asset in the 25 Van Ness Avenue property. Such an asset (estimated to have a fair market value of approximately \$30 million) could be used to eliminate costly capitalized interest expenses during construction of a like asset (office building) if the City were to use lease financing in the future to finance such a project. This is accomplished by adding a lien (the Refunding COP's debt service) to the existing Courthouse lien (the 1995 COPs).

The 1991 COPs were initially issued with a term of 25 years, maturing in 2016. The 1995 COPs were initially issued with a term of 26 years, maturing in 2021. Under current market conditions, the Refunding COPs (refunding only the 1991 COPs) would have a term of 16 years, maturing in 2017. However, if the City were to refund a portion of the 1995 COPs as well, the final maturity would be 20 years, maturing in 2021.

Under current market conditions, the annual debt service on the proposed Refunding COPs would be approximately \$1,564,000 (for 6 years) and \$1,421,000 (for the remaining 10 years). The annual debt service on the 1991 COPs is currently approximately \$1,617,000 (for 6 years) and \$1,461,000 (for the remaining 10 years). The annual debt service on the 1995 COPs is not level and ranges from approximately \$1.8 million up to \$2.35 million.

The cash reserve funds for the 1991A COPs and 1991B COPs (totaling about \$1.75 million) will be used in their entirety to fund the reserve and escrow funds for the Refunding COPs.

**Additional Information:** Please contact me at 554-6902, or Sarah Hollenbeck at 554-6240 if you have any questions.



## BOND DEBT SERVICE

City & County of San Francisco  
25 Van Ness Project - Series 2001B (51% Taxable)  
51% Taxable Refunding  
Current Market Conditions  
300K COI

| Period<br>Ending | Principal | Coupon | Interest   | Debt Service |
|------------------|-----------|--------|------------|--------------|
| 04/01/2002       | 115,000   | 5.940% | 31,853.25  | 146,853.25   |
| 04/01/2003       | 105,000   | 5.940% | 35,640.00  | 140,640.00   |
| 04/01/2004       | 110,000   | 5.940% | 29,403.00  | 139,403.00   |
| 04/01/2005       | 120,000   | 5.940% | 22,869.00  | 142,869.00   |
| 04/01/2006       | 130,000   | 5.940% | 15,741.00  | 145,741.00   |
| 04/01/2007       | 135,000   | 5.940% | 8,019.00   | 143,019.00   |
|                  | 715,000   |        | 143,525.25 | 858,525.25   |

## BOND DEBT SERVICE

City & County of San Francisco  
 25 Van Ness Project (Tax-Exempt) - Series 2001  
 All of Series A and Tax-Exempt Portion of Series B  
 (Current Market Condition)  
 (300K COI)

| Period<br>Ending | Principal  | Coupon | Interest     | Debt Service  |
|------------------|------------|--------|--------------|---------------|
| 04/01/2002       | 830,000    | 2.930% | 517,183.50   | 1,347,183.50  |
| 04/01/2003       | 680,000    | 3.250% | 665,259.00   | 1,345,259.00  |
| 04/01/2004       | 690,000    | 3.500% | 643,159.00   | 1,333,159.00  |
| 04/01/2005       | 720,000    | 3.670% | 619,009.00   | 1,339,009.00  |
| 04/01/2006       | 740,000    | 3.820% | 592,585.00   | 1,332,585.00  |
| 04/01/2007       | 770,000    | 3.970% | 564,317.00   | 1,334,317.00  |
| 04/01/2008       | 970,000    | 4.120% | 533,748.00   | 1,503,748.00  |
| 04/01/2009       | 1,005,000  | 4.250% | 473,784.00   | 1,498,784.00  |
| 04/01/2010       | 1,015,000  | 4.350% | 451,071.50   | 1,466,071.50  |
| 04/01/2011       | 1,055,000  | 4.450% | 406,919.00   | 1,461,919.00  |
| 04/01/2012       | 1,105,000  | 4.580% | 359,971.50   | 1,464,971.50  |
| 04/01/2013       | 1,160,000  | 4.680% | 309,362.50   | 1,469,362.50  |
| 04/01/2014       | 1,210,000  | 4.780% | 255,074.50   | 1,465,074.50  |
| 04/01/2015       | 1,265,000  | 4.880% | 197,236.50   | 1,462,236.50  |
| 04/01/2016       | 1,325,000  | 4.950% | 135,504.50   | 1,460,504.50  |
| 04/01/2017       | 1,390,000  | 5.030% | 69,917.00    | 1,459,917.00  |
|                  | 15,930,000 |        | 6,814,101.50 | 22,744,101.50 |

## SAVINGS

City & County of San Francisco  
 25 Van Ness Project (Tax-Exempt) - Series 2001  
 All of Series A and Tax-Exempt Portion of Series B  
 (Current Market Condition)  
 (300K COI)

| Date       | Prior<br>Debt Service | Refunding<br>Debt Service | Savings    | Present Value<br>to 07/01/2001<br>@ 4.5857792% |
|------------|-----------------------|---------------------------|------------|--|
| 04/01/2002 | 1,378,062.50          | 1,347,183.50              | 30,879.00  | 54,616.89                                      |
| 04/01/2003 | 1,384,562.50          | 1,345,259.00              | 39,303.50  | 56,839.78                                      |
| 04/01/2004 | 1,375,425.00          | 1,333,159.00              | 42,266.00  | 57,037.90                                      |
| 04/01/2005 | 1,380,650.00          | 1,339,009.00              | 41,641.00  | 54,433.02                                      |
| 04/01/2006 | 1,375,025.00          | 1,332,585.00              | 42,440.00  | 52,889.55                                      |
| 04/01/2007 | 1,373,550.00          | 1,334,317.00              | 39,233.00  | 48,398.83                                      |
| 04/01/2008 | 1,542,600.00          | 1,503,748.00              | 38,852.00  | 49,567.17                                      |
| 04/01/2009 | 1,542,600.00          | 1,498,784.00              | 43,816.00  | 51,185.63                                      |
| 04/01/2010 | 1,506,725.00          | 1,466,071.50              | 40,653.50  | 46,950.45                                      |
| 04/01/2011 | 1,503,025.00          | 1,461,919.00              | 41,106.00  | 45,907.24                                      |
| 04/01/2012 | 1,505,100.00          | 1,464,971.50              | 40,128.50  | 44,132.83                                      |
| 04/01/2013 | 1,510,350.00          | 1,469,362.50              | 40,987.50  | 43,572.05                                      |
| 04/01/2014 | 1,504,100.00          | 1,465,074.50              | 39,025.50  | 41,267.71                                      |
| 04/01/2015 | 1,503,650.00          | 1,462,236.50              | 41,413.50  | 41,547.01                                      |
| 04/01/2016 | 1,503,550.00          | 1,460,504.50              | 43,045.50  | 41,389.12                                      |
| 04/01/2017 | 1,498,650.00          | 1,459,917.00              | 38,733.00  | 38,238.68                                      |
|            | 23,387,625.00         | 22,744,101.50             | 643,523.50 | 767,973.84                                     |

Savings Summary

|                               |            |
|-------------------------------|------------|
| PV of savings from cash flow  | 767,973.84 |
| Plus: Refunding funds on hand | -91,503.91 |
| Net PV Savings                | 676,469.93 |

## SAVINGS

City & County of San Francisco  
 25 Van Ness Project - Series 2001B (51% Taxable)  
 51% Taxable Refunding  
 Current Market Conditions  
 300K COI

| Date       | Prior<br>Debt<br>Service | Refunding<br>Debt<br>Service | Savings   | Present Value<br>to 07/01/2001<br>@ 5.9436317% |
|------------|--------------------------|------------------------------|-----------|--|
| 04/01/2002 | 158,225.00               | 146,853.25                   | 11,371.75 | 15,072.72                                      |
| 04/01/2003 | 154,512.50               | 140,640.00                   | 13,872.50 | 16,283.03                                      |
| 04/01/2004 | 155,162.50               | 139,403.00                   | 15,759.50 | 17,185.36                                      |
| 04/01/2005 | 154,962.50               | 142,869.00                   | 12,093.50 | 13,464.35                                      |
| 04/01/2006 | 158,700.00               | 145,741.00                   | 12,959.00 | 13,666.78                                      |
| 04/01/2007 | 156,375.00               | 143,019.00                   | 13,356.00 | 13,332.96                                      |
|            | 937,937.50               | 858,525.25                   | 79,412.25 | 89,005.19                                      |

Savings Summary

|                               |            |
|-------------------------------|------------|
| PV of savings from cash flow  | 89,005.19  |
| Plus: Refunding funds on hand | -80,471.24 |
| Net PV Savings                | 8,533.95   |

## SAVINGS

City & County of San Francisco  
 San Francisco Courthouse Project - Series 2001  
 (-25 bps)

| Date       | Prior<br>Debt Service | Refunding<br>Debt Service | Savings      | Present Value<br>to 07/01/2001<br>@ 4.4924842% |
|------------|-----------------------|---------------------------|--------------|--|
| 04/01/2002 | 2,157,133.76          | 2,073,467.25              | 83,666.51    | 94,555.93                                      |
| 04/01/2003 | 2,157,133.76          | 2,050,327.00              | 106,806.76   | 102,680.78                                     |
| 04/01/2004 | 2,157,133.76          | 2,047,377.00              | 109,756.76   | 100,908.51                                     |
| 04/01/2005 | 2,157,133.76          | 2,048,602.00              | 108,531.76   | 95,569.92                                      |
| 04/01/2006 | 4,237,133.76          | 4,129,026.00              | 108,107.76   | 91,160.66                                      |
| 04/01/2007 | 4,233,973.76          | 4,124,417.00              | 109,556.76   | 88,116.72                                      |
| 04/01/2008 | 4,234,261.26          | 4,123,277.00              | 110,984.26   | 85,149.07                                      |
| 04/01/2009 | 4,235,636.26          | 4,124,979.00              | 110,657.26   | 81,015.55                                      |
| 04/01/2010 | 4,234,686.26          | 4,124,379.00              | 110,307.26   | 77,064.72                                      |
| 04/01/2011 | 4,234,161.26          | 4,126,834.00              | 107,327.26   | 71,579.70                                      |
| 04/01/2012 | 4,235,936.26          | 4,126,714.00              | 109,222.26   | 69,448.81                                      |
| 04/01/2013 | 4,236,616.26          | 4,127,680.00              | 108,936.26   | 66,059.39                                      |
| 04/01/2014 | 4,233,336.26          | 4,124,907.00              | 108,429.26   | 62,706.57                                      |
| 04/01/2015 | 4,235,816.26          | 4,127,908.50              | 107,907.76   | 59,512.44                                      |
| 04/01/2016 | 4,233,216.26          | 4,125,720.00              | 107,496.26   | 56,335.26                                      |
| 04/01/2017 | 2,065,256.26          | 1,958,870.00              | 106,386.26   | 53,353.60                                      |
| 04/01/2018 | 2,063,312.50          | 1,957,145.00              | 106,167.50   | 50,849.95                                      |
| 04/01/2019 | 2,061,081.26          | 1,951,707.50              | 109,373.76   | 50,011.73                                      |
| 04/01/2020 | 2,063,268.76          | 1,952,557.50              | 110,711.26   | 48,328.79                                      |
| 04/01/2021 | 1,789,287.50          | 1,679,200.00              | 110,087.50   | 45,872.94                                      |
| <hr/>      |                       |                           |              |  |
|            | 65,255,515.18         | 63,105,094.75             | 2,150,420.43 | 1,450,481.03                                   |

Savings Summary

|                               |              |
|-------------------------------|--------------|
| PV of savings from cash flow  | 1,450,481.03 |
| Plus: Refunding funds on hand | -239,989.74  |
| <hr/>                         |              |
| Net PV Savings                | 1,210,491.29 |

These projections are based on:

\* 3 percent savings

\*\* 4.54 percent interest rate overall

Current market interest rate is 4.65 percent

|   |
|---|
| Estimated Sources and Uses of Funds - Refunding 1991 COPs |
|---|

|                                     | Refunding Certificate<br>Proceeds | Prior Certificate<br>Proceeds | Total                       |
|-------------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>Sources:</b>                     |                                   |                               |                             |
| Series 2001-1 Principal             | 15,930,000.00                     |                               |                             |
| Series 2001-2 Principal             | 715,000.00                        |                               |                             |
|                                     | 16,645,000.00                     |                               | 16,645,000.00               |
| Series 1991A Reserve Fund           |                                   | 1,599,644.02                  | 1,599,644.02                |
| Series 1991B Reserve Fund           |                                   | 154,185.75                    | 154,185.75                  |
| <b>Total Sources:</b>               | <b><u>16,645,000.00</u></b>       | <b><u>1,753,829.77</u></b>    | <b><u>18,398,829.77</u></b> |
| <b>Uses:</b>                        |                                   |                               |                             |
| Series 2001-1 Refunding Escrow Fund | 15,423,596.38                     | 95,896.02                     | 15,519,492.40               |
| Series 2001-2 Refunding Escrow Fund | 691,896.84                        | 82,685.75                     | 774,382.59                  |
| Series 2001-1 Reserve Fund          |                                   | 1,503,748.00                  | 1,503,748.00                |
| Series 2001-2 Reserve Fund          |                                   | 71,500.00                     | 71,500.00                   |
| Costs of Issuance                   | 300,000.00                        |                               | 300,000.00                  |
| Underwriters' Discount              | 223,100.16                        |                               | 223,100.16                  |
| Contingency                         | 6,606.62                          |                               | 6,606.62                    |
|                                     | <b><u>16,645,000.00</u></b>       | <b><u>1,753,829.77</u></b>    | <b><u>18,398,829.77</u></b> |



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5/30/01  
Special  
cancelled  
5/30/01  
Budget  
5/30/01  
regular

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 544-5227

**NOTICE OF CANCELLED MEETING**

**FINANCE COMMITTEE**

**SAN FRANCISCO BOARD OF SUPERVISORS**

NOTICE IS HEREBY GIVEN that the special off-site meeting of the Finance Committee scheduled for Wednesday, May 30, 2001, at 5:30 p.m., at the Tenderloin Police Station, 301 Eddy Street, San Francisco, California, has been **cancelled**.

Please note that a Budget Town Hall meeting will be held on Wednesday, May 30, 2001, at 5:30 p.m., at Glide Memorial United Methodist Church, in Freedom Hall, 330 Ellis Street, San Francisco, California.

Gloria L. Young, Clerk of the Board

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MAY 25 2001

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S.F. BOARD OF SUPERVISORS  
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IMPORTANT HEARING NOTICE!!!

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